

JPRS-EER-89-057
16 MAY 1989



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

JPRS Report

East Europe

19980130 052

DTIC QUALITY INSPECTED 3

REPRODUCED BY
U.S. DEPARTMENT OF COMMERCE
NATIONAL TECHNICAL INFORMATION SERVICE
SPRINGFIELD, VA. 22161

DISTRIBUTION STATEMENT A

**Approved for public release;
Distribution Unlimited**

East Europe

JPRS-EER-89-057

CONTENTS

16 MAY 1989

POLITICAL

HUNGARY

FIDESZ Spokesman Elaborates Goals, Plans	[MAGYAR HIRLAP 13 Apr]	1
Article Opposes Any Law Regulating Parties	[MAGYAR NEMZET 16 Mar]	2
Reformer Accuses Workers Guard of Death Threats	[NEPSZAVA 22 Mar]	4
Social Democrats Issue Platform Draft	[NEPSZABADSAG 23 Mar]	6
Nagymaros Party Mobilizes Against Dam Opponents	[MAGYAR NEMZET 21 Mar]	6
MSZMP Asked To Cede Properties to State	[MAGYAR NEMZET 21 Mar]	7
Exhumation of Imre Nagy Announced	[MAGYAR NEMZET 29 Mar]	7
Free Democrats Open Letter to Charter 77	[MAGYAR NEMZET 21 Mar]	7
Jewish Youth Association Formed	[MAGYAR NEMZET 21 Mar]	8

POLAND

Caution Urged in Interpreting Poll Data	[PRZEGLAD KATOLICKI 12 Mar]	8
'Third Circulation' Press Described as Extremist	[KONFRONTACJE Feb]	10
Finnish President on Trade, Cooperation	[POLITYKA 8 Apr]	12

YUGOSLAVIA

Recent Statements by Milosevic Criticized	[VJESNIK 16 Apr]	13
Hostile Pamphlets in Kosovo Denounced	[BORBA 15-16 Apr]	15
Drnovsek EFTA Position Seen as Pragmatic, Short-Sighted	[VJESNIK 4 Apr]	17

MILITARY

HUNGARY

Police Join UN Peace Force in Namibia	[MAGYAR HIRLAP 6 Apr]	19
---------------------------------------	-----------------------	----

ECONOMIC

GERMAN DEMOCRATIC REPUBLIC

Grain Director Queried on Deficient Yield	[LAUSITZER RUNDSCHAU 7 Apr]	21
---	-----------------------------	----

HUNGARY

Proprietary Reform Ideas Advanced	[HETI VILAGGAZDASAG 25 Mar]	24
World Bank Grants Credit, Tightens Terms	[HETI VILAGGAZDASAG 25 Feb]	28
Government Eases Strike Law; SZOT Still Dissatisfied		32
Revisions Published	[NEPSZAVA 3 Feb]	32
Parties Criticize Law	[NEPSZAVA 7 Feb]	36

Larger Context of Construction Firm Bankruptcy Revealed [NEPSZAVA 1 Feb]	36
Cooperative Land Redistribution: Majority Disapproves [HETI VILAGGAZDASAG 25 Mar]	39
Civil Aviation Workers Union Formed [NEPSZAVA 1 Feb]	39

POLAND

Aims, Methods of New Export Fund Detailed [RYNKI ZAGRANICZNE 4 Mar]	40
---	----

SOCIAL

POLAND

Alternative Thinking Leader on Student Groups' Appeal, Goals [WALKA MLODYCH 19 Mar]	42
--	----

HUNGARY

FIDESZ Spokesman Elaborates Goals, Plans

25000215d Budapest MAGYAR HIRLAP in Hungarian
13 Apr 89 p 5

[Interview with Monika Vigh, member of the FIDESZ council, by Eva V. Balint: "FIDESZ Academy; Instead of Negation" date and place not given]

[Text] The FIDESZ [Association of Democratic Youth] political program was completed last October. Remaining the most important document issued by that organization, it states that the FIDESZ aspires to fight for society's spontaneous organization, the creation of a citizens' society and the construction of a new Hungary. The proclamation also deals with issues of culture, interpreting it in the broadest sense, ranging from everyday culture and the educational system to the culture of participating in political life.

[MAGYAR HIRLAP] I ask Monika Vigh, member of the FIDESZ council, to outline the most important elements in the organization's concept of culture. And, since we cannot settle for simply negating the past, I ask her to formulate some positive statements as well.

They Want Institutional Autonomy

[Vigh] Since the birth of FIDESZ we have made efforts to come forth with positive statements as well as denials. In the area of culture, our primary focus is educational policy. We formed a group specifically for this purpose, and we have already debated their proposal in several places, including a forum where associates of the Ministry were present. The substance of our proposal is to make education free of ideology and to promote our society's progress toward a time when there will be no restrictions on establishing schools.

We want freedom of education, the opportunity to choose political subjects, and an institutional autonomy. We understand the last demand to mean that on issues effecting the citizens of universities, decisions should be made by a university council made up of students and faculty members, and the Ministry should operate as nothing more than a coordinating body. We want to see the creation of universities that are open toward Europe, where visiting professors are allowed to teach, and the freedom of spirit is manifest in curriculum and professional literature alike. Most members of FIDESZ are university students. As a consequence, we primarily support reforms in higher education, as well as the various university movements and strikes. However, we also know that without reforming elementary and secondary education, there will be no bases for the transformation of universities. As of now, we are not entirely sure how the elementary and secondary schools should be transformed, so I would not like to discuss those

issues. However, I would like to mention the FIDESZ Academy, which is a foundation, as well as a symbol, of our spontaneous organizing activities.

Prominent Lecturers

[MAGYAR HIRLAP] Since it is a foundation as well as a symbol, would you mention a few concrete details?

[Vigh] Our Academy is based on the traditions of the former people's colleges, and we consider them alternative centers of culture. I feel that in the course of our studies until now we have met with a great many white or grey areas, which need to be filled, replaced or colored. That is why we have compiled five different courses for the period of a year and a half. We can listen to lecturers whom we consider the best in the field and also autonomous thinkers. One of our courses is titled "The Millennium, or How to Survive the Twentieth Century?" It deals with modern and post-modern trends, the confidence crisis of the scientific world view, Eastern philosophies and the Green alternative, presented by such lecturers as Peter Balassa, Zoltan Endreffy, Gabor Karatsony, Janos Varga and Mihaly Vajda. Another of our series, "Communities with Sick Souls," describes the nature of "ill being," discussing the issues of neurosis, inability to communicate, indifference and the moral crisis of small communities, assisted by lecturers such as Peter Somlai, Agnes Losonczy, Gyorgy Vikar and Peter Nadas. A third course examines why has solidarity disappeared from our society? Answers come from Istvan Jelenits, Gabor Havas, Janos Kis, Gyorgy Konrad and Laszlo Rajk. Another series, with participants like Miklos Szabo, Gyorgy Szabo, Tamas Katona, Miklos Laczko, Tamas Hofer and Ferenc Kulin, deals with fundamental issues of Hungarian history, such as the Hungarian parliamentarians between 1867 and 1918, the debate of Szechenyi and Kossuth, or popular culture and populism in East Central Europe. Last, but not least, members of FIDESZ are interested in the fate of Hungarian intelligentsia between the two world wars. Oszkar Jaszi, Endre Ady, Laszlo Nemeth and Bela Bartok are among those whose lives will be discussed by lecturers such as Gyorgy Litvan, Sandor Radnoti, Miklos Szabo, Peter Balassa and Gyorgy Poszler.

Starting in September: Film Club

Thus far, about 300-400 people have attended the Academy's lectures. The law school [at the University of Budapest] gave FIDESZ free use of its largest lecture hall. I gave a detailed account of the topics and lecturers because it shows that we really want to learn, and also from whom we want to learn. We want to gain expertise, because we know very well that without expertise one cannot participate in political life. Of course, I would not want you to misunderstand; I want to emphasize that the FIDESZ Academy is not a political program of study. In certain cases, however, it is impossible to avoid politics. As for establishing our academy, it was largely due to the assistance we have received from the film director

Andras Lanyi and my former professor, Peter Balassa. Both of them worked a great deal on developing the concept. As for the other cultural activities of FIDESZ, I would mention the film club that will start in September. With its archival series and thematic selections, it will try to fill the gaps that (for reasons beyond their control and otherwise) exist in our generation's cultural background. Let me also add that our cultural programs are motivated not only by a desire to educate, but also by a desire to offer a community experience. Because community experience is attributed an irreplaceable role by FIDESZ.

Article Opposes Any Law Regulating Parties

25000201 Budapest *MAGYAR NEMZET* in Hungarian
16 Mar 89 p 8

[Article by Gabor Halmai: "What Is Left for the Party Law?"]

[Text] As a manifestation of the freedom of association, the formation of political parties was made possible by the law concerning association, ratified in January. At the same time, that law contains provisions for a specific future decree regulating the creation and registering of political parties. According to the National Assembly's decision, the proposal for such a law must be placed before the distinguished house in August of this year. That is the only way we can avoid preserving the present paradoxical situation: While until now (based on the general legal premise of "everything that is not forbidden is permitted") it has been possible to establish political parties, now that the new law (with its genuinely democratic aspects) took effect, this had become if not impossible, at least legally uncertain.

However, beyond the not entirely inevitable compulsion of the situation, is it absolutely necessary to introduce a special law concerning the parties, in order for us to establish a so-called pluralism of parties, that is, a multiparty system?

Between State and Society

Before I attempt to answer the question, using the lessons learned by several states that have similar laws, it should be remembered that several times in the recent past the need for a law concerning parties has been raised by representatives of radical reform trends. However, the basic premise of these proposals was that it was unrealistic to expect a theoretically desirable multiparty system to come into being soon. And if that is the case, felt those who created the concept of a so-called constitutional 1-party system, then at least we should develop the legal bases for the MSZMP [Hungarian Socialist Worker's Party]'s role in leading society, thus attempting to restrict the power of the sole party through constitutional means.

The extraordinarily rapid changes in Hungary's political circumstances, the fact that the expression "party" was transformed from a proper name to a common noun and its plural also came into use, deprived the above concept of its actuality.

Thus, I would like to emphasize that the law on parties (established by political officialdom as a precondition in the law on associations) is not identical with this law on parties that is visualized within the frameworks of a single-party system. I should add that a regulation of this kind has never been prepared in a single-party system. Moreover, in today's socialist countries the leading parties are pretty much beyond jurisdictional regulation: At most, brief statements contained in the constitutions refer to their leading roles. Nor is Hungary's current Constitution an exception to this, with its Article 3, according to which "the Marxist-Leninist party of the working classes is the leading force of society." Constitutional law cannot explain what concrete decision-making spheres are included in this leading role.

Therefore, the real question is, can we justify the need for a law on parties under the circumstances of a multiparty system?

In Western European states the parties are much more subject to legal regulations than in the eastern part of Europe. The primary rules concerning parties are included in the constitutions, and these are characterized by a peculiar duality. On the one hand, the parties are conceived as manifesting the right of association, a fundamental human right, and there are legal provisions guaranteeing the freedom to establish parties. On the other hand, bourgeois constitutions place parties (as components of exercising political power) between state and society; in other words, even though they do not give the parties public authority, they sharply distinguish them from traditional leisure-time activities.

Ban on the Leader Principle

The parties' emphatic role in the shaping of political will is expressed not only in the constitutions, but also in the electoral laws and the parliamentary rules of order. In most Western states, all other issues that may require rules (such as the legal personality of parties, or their internal structure) are decided by the regulations concerning associations.

At the same time, the constitutions of three European bourgeois states established separate detailed regulations concerning parties. Thus, distinct party laws were established in West Germany in 1967, in Austria in 1975 and in Turkey in 1983. (Italy's 1975 law regulates only the state financing of political parties.) Outside Europe, similar laws have existed in Venezuela since 1964, and in Taiwan since January of this year. In the three European states, it was the historical lesson of previous totalitarian party dictatorships that prompted the creation of these laws.

In order to prevent the state from monopolizing the parties, these laws refer in part to the internal order of parties and in part to their financing by the state. When it comes to internal order, the laws prescribe the compulsory application of well-defined democratic principles. Included among these is the principle of building from below (that is, a ban on the leader principle, participation in decisionmaking by members having identical rights, the freedom of joining and exiting, etc.

When it comes to financing parties, these regulations generally make it possible for the state to contribute to certain of the parties' election-related expenses. At the same time, they prohibit the all-inclusive state financing of parties, because that would go against their independence from the state. Similarly, every party law compels parties to give public account of how they use state financing, and to report their other incomes (in the case of larger amounts by name) and expenses to the parliament.

At the same time, it is interesting to see that in countries where, in addition to multiparty representation, other democratic institutions (such as those calling for the direct involvement of citizens, the interest groups or a diverse public opinion) also form integral parts of the political system, they require fewer guarantees to protect them from the overwhelming weight of the parties. This is one of the reasons why Switzerland, with its rich traditions of direct political involvement, "can afford to" let its parties operate with few regulations. Even the constitution does not contain any definite regulations concerning the parties; instead, it protects their freedom of operation through the right of association. In this solution, the parties are subject to the legal restrictions of the traditional associations, their support by the state is proscribed, and their financial resources are limited to those derived from membership fees and donations.

Against Dictatorship

What conclusions can we draw from the foreign examples listed above, when it comes to the legal regulation of the parties in today's Hungary?

One of them is that Hungary's new Constitution should follow the examples of Western European constitutions and include more regulations concerning parties than is found in the present constitution. Specifically, the approach should be that the parties, created as results of the freedom to associate, are integral parts of the political system and, primarily by working as members of the representative machinery, participate in the exercise of political power.

Derived from this role, parties should have certain legal privileges, distinguishing parties from other associations created under the same right. One of these is that they are not registered by the regular judiciary agencies, but by constitutional courts. The same thing is true when it comes to the possibility of disbanding parties that

behave in an anticonstitutional manner; such disbanding must be conducted along strict contextual and procedural guidelines. (Naturally, the charge of being anticonstitutional cannot be based on one party's disagreement with certain constitutional provisions or institutions, and the expression of such disagreement. After all, that would go counter the principle of freedom of opinion, which must be guaranteed for parties as well.)

As for the state contributing to expenses accrued by parties in the course of elections, this issue should be considered in greater detail. Naturally, such a support cannot be a party's major source of revenues, because in that case its independence from the state would become illusory.

Another matter requiring constitutional regulation is the responsibility of parties to report their financial affairs to the National Assembly. When it comes to placing these regulations in the Constitution, the best method would be for the fundamental law to refer to parties in relation to the right of association, as special manifestations of that right. At the same time, other constitutional regulations concerning parties could be embedded in the section discussing the political system; naturally, without referring to parties by name in the fundamental law.

Outside the Constitution, naturally, there is a need for separate laws to regulate the parties' role in elections, especially in selecting candidates. Another separate law should regulate the role of parties with mandates in the legislative bodies, specifically when it comes to the creation of factions. These regulations must be contained in the procedures of the relevant representative body, such as the National Assembly's Rules of Order.

An Impossible Course

In my view, other issues, including the democratism of the parties' internal organization, require no regulations distinct from the ones related to other organizations (labor unions, associations, etc.) After all, when it comes to the democratic character of internal organization, for example, the law on associations accepted this January prescribes, among other things, that on the strategically most important issues the majority of membership must decide. This should be no different in the parties either.

Does this leave anything to be regulated by a separate law on parties? I think not. The type of law which would aim at restricting the power of the sole political party under conditions prevailing in a single-party socialist system is almost entirely unknown in Western constitutional theory or practice. Fortunately, the development of Hungary's political structure has progressed beyond this, and we are on our way toward a political structure that is based on multiparty representative democracy, the participation of organizations representing various interests and various institutions of direct democracy. A law on parties containing jurisdictional regulations

would not contribute to this development; as for the German or Austrian type of laws on parties, they would be effective only in guaranteeing the rise of a party dictatorship.

If the law on parties now under preparation indeed contained these kind of provisions, there would be only one question remaining: Is any law sufficient to make such guarantees in our country? Lacking such guarantees, regulating parties through separate laws would only mean that the freedom of establishing parties would be less fully implemented than other freedoms of association. To prevent this from happening, it would be better to use the solution employed by most of the developed bourgeois democracies, and regulate parties in the frameworks of the right of association, the electoral law (now in preparation) and the National Assembly's soon-to-be-revised Rules of Order.

Reformer Accuses Workers Guard of Death Threats

*25000215a Budapest NEPSZAVA in Hungarian
22 Mar 89 p 5*

[Article by Andras Udvarhelyi: "No Lynching in Szentes; Workers Guard Friendship Circle Sues Imre Keseru."]

[Text] It is a sad and retrograde tradition of our political life that when the parties run out of arguments, they resort to physical implements to "convince" their opponents. We were reminded of this when we heard the case of the history teacher at the Mihaly Horvath Gymnasium in Szentes. It is being said that he was the subject of a deadly threat issued by a member of the friendship circle of the local Workers Guard unit. The individual in question suggested that "a person like that should not only be thrown out of the party, he should be hanged."

It soon struck our attention, however, that neither the radio nor reporters of the MAGYAR NEMZET interviewed members of the friendship circle, and the local paper did not publish the statement that was forwarded to our offices by Jozsef Bathory, the friendship circle's secretary; even though it would have been worthwhile to listen to the other side as well.

"It is revolting that they compared us to Mussolini," complained Jozsef Bathory, a foreman at the Csongrad County Water and Sewage Works, slamming the article by Miklos Halasz down the table.

"Would you be able to kill your political opponent?" I ask.

"I reject even the thought of such action! I have not fought since my childhood, and I have never believed in violence. If I could not convince someone with words, I chose to step aside."

"Then why is it being said in this town that during the founding meeting of the friendship circle someone mentioned gallows?"

Who Should Be Afraid?

"I am a careful man," says Bathory as he puts the record of that meeting before me, "Read it: There is no talk of violence in this."

I leafed through the record, noticing several sentences: "Who should be afraid of the Workers Guards? Those who attack workers' power and socialism. It is regrettable that even high-ranking leaders make wrong statements," said Ferenc Berenyi. According to Janos Komlosi, "an increasingly broad basis will be necessary to defend workers' power, a task that will be increasingly difficult. The various alternative movements question workers' power. The friendship circle must be active in the defense of workers' power. If Pozsgay's claim that what took place in 1956 was a popular uprising is true, then it is the Workers Guards who are the terrorists. There is no agreement among the highest leaders of the party; they are involved in a power struggle. This hinders progress, takes away energy from building the country, divides and silences the MSZMP [Hungarian Socialist Workers Party]'s membership." St. Balint Garai felt that "attacks on the Workers Guard are also attacks on the MSZMP. They are part of the enemy's divisive activities. What goes on right now in this country is the classic example of divisive propaganda. This time, we have to defend workers' power; we cannot count on the Soviet Union as we did in 1956."

I Worshipped Kadar

"As you can see, we cannot separate the atmosphere of the founding meeting from the events taking place in the country. As the record reveals, many of us disagreed with the statement made by Imre Pozsgay. The trouble is that certain people now present everything that the MSZMP did in negative light. If they are right, then what is the meaning of my participation in public life? [In 1956] I used to be an enthusiastic follower of the Petofi Circle. As a 20-year-old, I was a volunteer policeman in 1956. I did not beat up anyone; and I have no knowledge of anyone being roughed up. In any event, on March 20, a suit was filed on behalf of the leaders of Szentes and Region Workers Guard Friendship Circle against Imre Keseru for libel and damaging the good name of our organization."

"Believe me," said Jozsef Bathory as we depart, "I was also shocked when I found out what methods the MSZMP used in the past. I would have never believed those things: I worshipped Janos Kadar, I had no idea that people who only wanted to further their own careers took advantage of his good intentions. Look up Ferenc Berenyi; he was also there at that founding meeting."

I found Ferenc Berenyi, the secretary of the Nagymagocs MSZMP committee, at his desk.

"I would like to tell you in advance," said he, "that Imre Keseru is not an enemy of mine and I have no ill feelings towards him, in spite of the fact that he made certain claims about us. I can assure you that no one has made the statement he attributes to us. I am greatly surprised that he decided to sue us on the basis of gossip. Neither I, nor any of my associates have threatened anyone. I am a convinced adherent of socialism, and was a blue-collar worker before I became a party secretary. Granted, I am not as radical as he is. Once, when pioneers asked me why I became a communist, I replied: Because my mother told me once that things will be good in this country when we can fill our stomachs. I can thank socialism for everything I have, and I have done everything in my power to contribute to our community's progress. In other words, I have not just parroted the lines, I have put them to active use. In my view, we are not prepared for the multiparty system; either on a national scale, or locally. I feel very bad that Imre Keseru is spreading this kind of rumors about us."

Pal Szombathelyi, the commander of the Szentes Workers Guard unit, has a similar opinion.

"There is no lynch mood in Szentes. Keseru does not have to fear the Workers Guard."

"I was deeply shocked when I heard Keseru's statement in the radio," said Gabor Doczi, first secretary of the MSZMP's city committee, "I consider it an exaggerated statement. His fear has no basis. I was there at the founding meeting of the friendship circle, and I have not heard anyone making threats. The older comrades brought up his name in one regard. They asked: Why did we allow him to speak at the county MSZMP meeting? At which I answered that comrade Keseru was a delegate just like the others. He asked for the floor, and I agreed with his comments. I consider it natural for him to state his views; however, I do not know why he had to go public, after the meeting of the party meeting closed the matter."

I Am Worried of a Restoration

"If you are among those who feel that everything is not OK, and if you believe that things could change with us: Think and write!" I read one of the notices of the Mihaly Horvath Gymnasium of Szentes, while I am waiting for Imre Keseru.

"According to members of the Workers Guard's friendship circle and the first secretary of the party committee, no death threat has been made."

"But I have a reliable witness for it," replies Imre Keseru.

"Would you tell me his name, so I can talk to him?"

"I cannot do that: I promised him that I reveal his identity only if legal action is initiated."

"Will he testify on your behalf?"

I hope so: He promised to do so three times."

"According to Gabor Doczi, you should not have made such a big fuss over this."

"I had to turn to the public because it is especially important nowadays to show that the MSZMP is serious about peaceful transition. As long as such threatening voices are tolerated, people have every right to be suspicious. I did not libel anyone: My intentions were and are to clear up the situation. Believe me, I would be the happiest to be shown that no threat has been made. For one thing, I would not have to be afraid, and for another thing, it would demonstrate that there are no such retrograde forces within the MSZMP. I am not worried about my life, but I am worried about the spread of violent methods in our political life. By taking this action, I wanted to prevent the party from losing more of its credibility. My primary desire is that the party should head off the possibility of armed restoration.

[Box p 5]

Statement from Friendship Circle

We regret having to state that during the February 28, 1989, meeting of the Szentes city MSZMP committee members of the Friendship Circle of Szentes and Region Workers Guard was subjected to baseless accusations and slanderous assertions by Imre Keseru. We feel we must discuss what was said at the meeting of the party committee, because the whole town is talking about it.

According to Imre Keseru, he learned that certain of the individuals present at the founding meeting of our Friendship Circle, held on February 1, 1989, made deadly threats concerning his person. Subsequently, he felt that his personal safety was in danger. In the name of the Friendship Circle of the Workers Guard, I hereby would like to state that there has been no threats voiced either concerning Imre Keseru or anyone else. This is attested to by the persons present, as well as the record of the meeting.

At the same time, we do not know what to make of these charges made by Imre Keseru, which also influence the mood of this community. The only thing we can surmise is that, by making baseless and malicious statements of this type, he is trying to besmirch the Friendship Circle or certain of its members.

The Friendship Circle is a political organization that fits well into today's pluralism, acknowledges the achievements of the socialist system and condemns every element of the Stalinist power hierarchy. Distorting the facts, maliciously rearranging them to the detriment of

others and arousing a fearful atmosphere, instead of honest discussion, recalls the methods of Stalinist times and reminds one of the Stalinist period's concepts.

While condemning Stalinist methods, the Friendship Circle aspires to collaborate with trends that want to ensure the welfare of working people and support the cause of socialism.

For this reason, I wish that we could personally clarify the injuries asserted by Imre Keseru at the next meeting of the Friendship Circle.

In the name of the leadership of the Friendship Circle of the Workers Guard,

Jozsef Bathory, Secretary

Social Democrats Issue Platform Draft

*25000215b Budapest NEPSZABADSAG in Hungarian
22 Mar 89 p 7*

[Text] The directorate of the Hungarian Social Democratic Party (MSZDP) forwarded the following announcement to the National Press Service:

The directorate rejected the membership petitions submitted by Laszlo Markus, Sandor Csurdi and Gabor Szilagyi because of their antiparty behavior. The directorate brings it to the public's attention that the above three individuals are not entitled to act or speak in the name of the Hungarian Social Democratic Party, and that their letters of commission (issued for organizational purposes) is invalid.

All organizations of the Hungarian Social Democratic Party operate on the basis of the party's 34th congress, held August 18-20, 1945. Within two weeks the party's directorate will forward abstracts of the organizational rules accepted at the time to each of its local organization.

At the party's national congress, held March 1, 1989, the directorate released a platform draft.

Among other things, this platform draft proclaimed demands for a welfare society, a parliamentary democracy based on a multiparty system and a state based on constitutional laws. The goals: Hungary's parity with the main trends of European development; the unrestricted realization of human rights; creating and guaranteeing [adequate] living standards for our youth and the elderly. In addition, the MSZDP works for the elimination of military blocks, as well as genuine sovereignty and neutrality for our country.

In economic life, the basic principle of the Social Democrats is the effective combination of human dignity and economic effectiveness. In order to achieve these goals, the party promotes a radical reform of property relations and the establishment of a mixed economy that is based on the freedom of entrepreneurship and the primacy of

the market. At the same time, it considers not only a task, but a responsibility of the state to counter the marketplace's imperfections and the creation of social security.

The party declares a struggle to stop the further deterioration of our people's health, to realize a comprehensive and genuinely free basic medical care, with an opportunity to choose one's physician. Social Democrats are convinced that the machinery of public information, television, the press and the printed media cannot be monopolized by one political party. Culture and art are more than mere commodities; supporting and disseminating their values is primarily the task of the state.

Social Democrats are fighting for the interests of Hungarians living outside our borders, for mutual understanding among the peoples of East Central Europe, for the preservation of their values, and they feel a great solidarity with oppressed peoples.

The directorate opens the discussion concerning the platform draft; asking each of its basic organizations and each of its members to express their opinion concerning the draft and, based on it, work out plans for local action. The directorate asks that written forms of the above be sent to the the National Organizing Bureau of the Social Democratic Party of Hungary: 44 Rozsa Ferenc Street, VIth district, Budapest. Anyone wishing to contact the MSZDP should also write to that address. (The Post Office Box address, previously announced, is no longer valid.) After processing the written proposals thus received, and taking into consideration the opinions of its advisory body, the directorate will publicize the MSZDP's platform.

Nagymaros Party Mobilizes Against Dam Opponents

*25000200f Budapest MAGYAR NEMZET in Hungarian
21 Mar 89 p 3*

[MTI (Hungarian Telegraph Agency) report: "The Nagymaros Party Committee Initiates a Petition Campaign on Behalf of the River Barrage"]

[Text] The party cell of the Nagymaros residential district started collecting signatures in support of continuing and completing work on the river barrage. According to Tibor Adam, secretary of the MSZMP [Hungarian Socialist Worker's Party]'s Nagymaros committee, the residents cannot comprehend the contradictory situation in which the government committed itself on behalf of speeding work on the construction of the river barrage, yet (within one month) the most recent session of the National Assembly has also heard statements according to which the government supports slowing down the pace of construction. As for the inhabitants of Nagymaros, who never wanted a river barrage, and whose opinions were never solicited in this matter, they have until now been watching events in silence. Now they

would like to break this silence and initiate a nationwide countercampaign in support of having the river barrage built. In practice, they wish to use the same rights and methods which they never denied the opponents of the river barrage. Residents of Nagymaros, in initiating a countercampaign, wish to bring to the government's attention that they still disagree with the view that the outcome of a plebiscite should decide this issue. Just as maintaining financial and economic credibility is in the country's interest, so is the preservation of our moral credibility. Therefore, the people of Nagymaros feel that the river barrage (together, naturally, with all of the investment projects to protect the environment), should be completed in such a manner that would genuinely contribute to the good of the entire nation.

MSZMP Asked To Cede Properties to State
*25000200h Budapest MAGYAR NEMZET in
Hungarian 21 Mar 89 p 3*

[Unattributed article: "Association for a Leftist Alternative: Parties Must be Self-Supporting"]

[Text] It is an accepted fact that Hungary has chosen the traditional form of political pluralism, the multiparty system. This solution could signal the start of eliminating political bureaucracy and creating popular self-government; but it could also mean that the country will be compelled to support even more bureaucrats. The multiparty system could bring on a preparatory and transitional period during which wage-earning workers become the actual owners of the means of production; but it could also lead to a situation in which (even while their political freedom grows) the workers become even more downtrodden in the economic and social sense.

A party can be considered democratic only if it supports itself, that is, if it does not live off society. It is truly democratic if it does not wish to receive a part of the state budget, but rather it covers all of its expenses from membership fees and open, controllable donations made by private individuals.

This view, which proposes that parties be self-supporting, is also applicable for the past. Accordingly, we feel it necessary that the real estate property presently owned by the MSZMP [Hungarian Socialist Workers Party] (headquarters buildings, luxury resorts, propaganda centers, etc.) be gradually transferred into community property. It would represent no benefit for the population if the property presently held by the MSZMP would be shared with the other parties. Whenever it is possible, buildings that have in the past been used for party purposes should be turned into apartment buildings, given to the local councils and utilized in accordance with social needs (primarily distributed among large families and young couples).

Real estate items owned by the party which cannot be turned into dwellings, should be used for public health, educational, cultural or social purposes.

Committee on Economic Policies Association for a Leftist Alternative

Exhumation of Imre Nagy Announced
*25000200e Budapest MAGYAR NEMZET in
Hungarian 29 Mar 89 p 3*

[Article: "Exhumation in Plot No. 301; Excluding the Public"]

[Text] In accordance with the January resolution of the Council of Ministers, beginning at 10 o'clock in the morning on Wednesday, March 29, the unmarked graves of Imre Nagy and his fellow martyrs, Pal Maleter, Miklos Gimes, Geza Losonczy, and Jozsef Szilagyi, will be exhumed in plot 301 in the Rakoskeresztur cemetery, and their bodies will be identified in the presence of family members and representatives from the Committee of Historical Redress. Respect for the feelings of family members demands that organs of mass communication and the public will be excluded. Imre Nagy and the others will be interned on the 31st anniversary of his execution, on June 16; and that is when more than 300 others similarly buried in plot 301 will be given a symbolic farewell.

According to information provided by the Committee of Historical Redress, all those who request the exhumation of their family members buried in plot 301 should contact Alajos Dornbach, 1054 Budapest, 9 Alkotmany Street, c/o the No. 5 Lawyers' Collective.

Free Democrats Open Letter to Charter 77
*25000200g Budapest MAGYAR NEMZET in
Hungarian 21 Mar 89 p 3*

[Article: "Open Letter by the SZDSZ to Charter 77"]

[Text] During its March 19 congress, members of the Alliance of Free Democrats [SZDSZ] approved an open letter to Charter 77, the Czechoslovakian human rights organization:

We are joining the call issued by the Czechoslovakian Helsinki Committee on behalf of Vaclav Havel. We are incensed by the cynicism and argument based upon which the prosecutor asked for a more severe sentence. We too are declaring March 21 to be the day of solidarity with Havel.

We were shocked by the news that Dr. Hana Marvanova and Tomas Dvorak have also received stiff, although suspended, sentences, and that they are still under preliminary arrest.

We were also disturbed to learn about preparations to indict Eva Vidlarova on the 23d [of this month], the arrest of Stanislav Devaty in Prague and the harassment of ten of his associates. We declare our solidarity with you who are fighting for human rights and democracy in Czechoslovakia.

We heartily thank you for the greeting telegram you have sent us on our national holiday.

The Congress of the Alliance of Free Democrats.

Jewish Youth Association Formed

25000200j Budapest MAGYAR NEMZET in Hungarian
21 Mar 89 p 3

[Article: "Jewish Youth Association Formed"]

[Text] March 10 marked the beginning of work on organizing the Jewish Youth Association, which wishes to operate as an independent legal corporation.

The elected members of the organizing committee are Robert Frolich, Zsolt Markovits and Istvan Domonkos. This committee began writing the basic rules of the Jewish Youth Association.

The Association's goal is to nurture Jewish cultural traditions; the broad popularization and dissemination of traditional Jewish literature; carrying out charitable activities; caring for cemeteries and martyrs' memorials; caring for those without families; supporting the sick in hospitals and old people's homes; the guarding of the martyr memorial now planned, and regularly maintaining its neighborhoods.

The Jewish Youth Association will hold its founding meeting this month.

Those wishing to join can call 421-695 or write to Post Office Box 333, 1370 Budapest.

POLAND

Caution Urged in Interpreting Poll Data

26000423 Warsaw PRZEGLAD KATOLICKI in Polish
No 11, 12 Mar 89 pp 4-6

[Article by Inka Slodkowska: "Battling Over Percentages"]

[Text] Anyone can be surveyed. To be surveyed is to answer questions put to you by a representative of an institution that is concerned with studying our attitudes and views.

Many such institutions already exist in Poland. Most of these have been in existence for many years, but their work has only become more widely known in the last 10 years. For it is during this period that the results of public opinion polls have begun to be used as arguments in political disputes and have been exploited as propaganda both by politicians and journalists. Whoever carefully follows the news about these surveys observes quite readily that the results of different surveys are markedly different even when they have to do with the same

question. Speaking in the most general way, the results can be divided into those that are more favorable to the authorities and those that are less favorable to them.

Meanwhile, in our social consciousness, public opinion polls continue to be associated with official control rather than with the free response of the citizen to a given issue. Until recent years, many citizens were reluctant to believe in the anonymity of surveys and in the need for conducting them. Sociological research centers are often treated as primarily official institutions and polltakers as state officials. Perhaps this opinion emanates from the experience of citizens with GUS [Central Office of Statistics] polls or from their identification of sociology with the government Public Opinion Research Main Center (certainly the figure of its director, Col Kwiatkowski, a personality from official political life, helps to engender such an opinion). While it is probably not the case that someone taking part in a sociological survey has suffered ill consequences as a result, it has happened that sociologists have been penalized for being interested in a prohibited issue. As we consider the differences between the results of the research of the most important public opinion research centers in Poland, let us divide them (even though they all are as yet state institutions) into the "agents of the authorities," or those that are organizationally and politically subject (these are government and party research centers) and those that are "relatively independent" of the authorities (academic research centers). Quite frequently, especially in recent times, they gather data on the same issues and analyze the same problems. The results of CBOS government polls are believed to be more favorable to the authorities, while the result of polls conducted by university and Polish Academy of Sciences sociologists are considered to be less favorable to the authorities. The question arises, is it possible that someone from one of the centers could be biased? The most frequent charge made against the sociologist is that people lack confidence in his work. It is a fact, however, that people who are critical of the authorities often are skeptical of official polls and the representatives of the authorities sometimes claim that results unfavorable to them are dishonest.

Dr Antoni Sulek of the Warsaw University Institute of Sociology, an expert in the methodology of the social sciences, believes that no one is in a position to determine the degree to which the results of sociological studies correspond to reality, since "no researcher or scholar has command of the higher-level knowledge needed for this." On the other hand, in order to assess the reliability of such polls, one can analyze the factors that determine the reliability of results. Dr Sulek discussed this matter in a paper entitled "On the Reliability and Lack of Reliability of Opinion Polls in Poland" given at the Warsaw Branch of the Polish Sociological Society on 20 January 1989. First, he excluded the manipulation of data as a source of the differences appearing in the results of CBOS studies and those done at academic institutions. Second, he assumed that in

both types of centers, sociologists apply the rules of their profession. This means that they take care to ensure that their own personal convictions do not influence their research and its results, nor do they submit to external pressures during the course of their work. (A disgraceful exception is an article in TRYBUNA LUDU from 29 November 1989 [as published] signed by the director of CBOS. This article quoted data stating that 68 percent of those surveyed see Premier Rakowski as a "skillful politician" while 72 percent consider him a "resolute activist." While a CBOS report based on the survey gave the same percentages, the terminology used was "skillful politician" and "hardcore party activist").

Here let us note the results of studies on the political attitudes of Poles compared by Dr Sulek. These studies were conducted both by CBOS and by sociologists from the PAN IFiS [Philosophy and Sociology Institute] and Warsaw University (the "Polacy'88" studies) at the end of 1987/beginning of 1988. In both cases, "the almost identical ordering of the institutions of public life on the ladder of social confidence" was achieved. Lowest on the ladder at that time were those institutions that were directly and most forcibly embroiled in political conflict: Solidarity, the PZPR, the MO [Citizens' Militia] and the new trade unions. Those institutions considered to be peripheral or politically neutral, such as the SD, the ZSL, the government and the Sejm were higher on the ladder. At the very top was the Catholic Church. Aside from this, surprising differences appeared in the percentages. The CBOS polls demonstrated greater confidence in the MO, the PZPR and the new unions on the part of society than did the academic polls. The latter in turn, indicated a higher percentage of support by Polish citizens for the Church and Solidarity than did the CBOS studies.

According to Dr Sulek, the first factor that evokes these differences is the so-called "polling effect." This is defined as the usually unconscious influence of the person putting questions to the person being surveyed. The ordinary voice intonation and the questioner's expression are able to determine whether the person being surveyed will begin instinctively to adapt his opinions to those that he seems to share and that the researcher expects. There is really no effective way to eliminate this influence. For this reason, it must be taken into account when polls are planned and implemented. And can we assume that the "polling effect" leans more towards answers that are favorable to the authorities in CBOS polls than it does in IFiS polls? Yes, it does. The polltakers from CBOS, which came into existence during martial law, are more often people "ingrained in the system" than are the IFiS people. Many of them work in the military, nearly one-third hold managerial positions and the same percentage belong to the party. Meanwhile, the IFiS polltakers are more often persons on the "periphery of the system": students (20 percent), younger academic employees (15 percent), rank-and-file white-collar workers, pensioners or part-time personnel.

Another factor will be the manner in which questions are stated in the poll, since "what seems to be merely a

reaction to the content of a question is also a reaction to its form." A particular description of a problem given in a question that discusses the problem induces one to answer the question according to the description. For example, let us take a look at how differently one could ask about who bears the responsibility for the imposition of martial law. CBOS queried: "You certainly remember the fall of '81: the strikes, the demonstrations, the sharp divisions of society and the like. In your opinion, who was primarily responsible for the way this situation developed?" The IFiS question read: "In your opinion, who is responsible for the conflicts and tensions that led ultimately to the decision to impose martial law?" Despite the different manner in which the questions were stated by the two institutions, in both cases greater responsibility was laid upon the authorities than on Solidarity. Dr Sulek believes "the clear power of undoubtedly unconscious persuasion in the CBOS poll, however, was not in a position to turn the scale of responsibility in the direction of the union leaders, i.e., in favor of the authorities."

The person selected to answer a pollster's question also influences the results of the surveys. If only a single specific social group interests sociologists, they are sometimes able to survey even all members of this group. They never survey all of society. They can draw conclusions about a particular subject of study based on a certain part of society surveyed, a so-called sampling. The optimal method is considered the "random sampling," which is used most often in IFiS surveys. In this method, a group of, let us say, 1,000 persons is selected at random from registration lists. Since names are selected at random, among this 1,000 people, the proportion of men and women, young and old people, rural and urban residents and believers and nonbelievers statistically approximates that of the entire society. Another type of sampling is the "representative sampling" commonly used by CBOS. In this case, the researcher, using a statistical yearbook, for example, determines the proportions of basic categories within society, according to sex, age, education and place of residence. Then, he instructs the pollsters to conduct perhaps 12 interviews with males and 12 with females, of which one person of each sex must have a higher education, two must have a high school education and four must have completed elementary school. The polltaker himself must find these people—on the street, in a coffee house, by knocking on doors and the like. The drawback of the first method is that the person surveyed may lose confidence in the anonymity of the study if he sees that the pollster already had his name and address in hand. In the second method, it sometimes happens that people already known to the polltakers are surveyed too often. Thus, these persons may not be representative of the entire society. CBOS data shows that in 1984, for example, 37 percent of interviews were conducted among the acquaintances of CBOS polltakers. If we keep in mind who these pollsters are, we begin to understand why, in CBOS "representative samplings" we find more PZPR members (11.9 percent) than in the IFiS "random

samplings" (7.2 percent) and even more PZPR members than there are according to the official data (8.1 percent).

It appears, however, that those responding to the surveys themselves also have a great impact on the reliability of the results of sociological studies. In answering survey questions, we sometimes conceal our private convictions and adapt our statements to the current opinions or the official opinions. Once a sociologist sent some polltakers to 40 of his friends and then he himself had conversations with them on the same topic. What they told him privately differed from the views recorded by the pollsters: the latter had a more "official" character. Moreover, this experiment dealt with economic issues; sociological practice demonstrates that on political questions, it is even more difficult to express our private opinions openly. Thus, it is probable that much that sociologists conclude regarding the political convictions of our society will differ from the actual picture in more than one instance.

It is not only difficult to research views precisely, but straight facts as well, for example, the percentage of Poles that belonged to NSZZ Solidarity as well before 13 December 1981. In the IFiS "Polacy'81" studies, which were concluded on 12 December 1981, 38 percent of those surveyed said they were members of Solidarity. This coincided with the figure of 9.5 million given for the membership of Solidarity at that time. Later studies from the "Polacy" cycle done in 1984, 1985 and 1988, as well as CBOS polls, reduced the membership by several million. In the estimation of Dr Sulek, neither death, nor emigration, nor the use in surveys of new yearbooks that did not have a record of previous Solidarity statistics explains such a sharp decline. Moreover, there was a simultaneous increase in the number of persons admitting that they belonged to branch or autonomous unions in 1981 (14.5 percent in 1981, 22.3 percent in 1984). What is most interesting, however, is that the number of former members of Solidarity from 1984-88 increased or decreased based on Poland's economic and political situation. For example, it increased markedly twice last year: following February's price increase and at the end of August after the second wave of strikes. Antoni Sulek states: "It is possible that if Poland's history after 1981 had developed differently, today there would certainly be not several million fewer Solidarity combatants, but several million more union members than in 1981." Thus, we must realize that the information on our society used by scholars and politicians also depends upon the people questioned in surveys. Sociologists need this information in their scholarly work. Politicians may find it useful when they make decisions that concern all of us. When we voice "official" opinions in polls and when we repeat what we hear on television or read in the newspaper, even if we do not agree with it privately, not only do we take the risk that the studies of sociologists will not tell the truth about Polish society, but we also risk giving politicians the wrong impression about our attitude to them and their endeavors. On the other hand, political pluralism is also of great importance to the

reliability of drawing conclusions from public opinion surveys. In Dr Sulek's opinion, during the Solidarity period, polls taken on political subjects supplied extremely reliable results. The reason for this was that the political battles of that time were politically open and did not touch upon taboo issues. One-sided propaganda did not shape the discussions in the mass media. In addition to the official viewpoint, they presented many other points of view. Of these, one could select the viewpoint that corresponded to one's own personal point of view. This encouraged the honest expression of one's views in polls as well. The obliteration of the division of opinions into the "private" and the "official" that had existed in Polish society was evident at that time. However, this returned during martial law. Sociologists are asking whether it is now disappearing again.

Perhaps it is idealistic, but it would seem that in democratic countries, sociological studies should not be utilized to control people or for propaganda purposes. While satisfying the professional passion of sociologists, they also can serve to express the opinions and will of citizens. They should not be merely "art for art's sake," but they also should serve the welfare of the entire society. Consequently, let us leave it to the sociologists to deal with such matters as the "polling effect," the selection of the right sampling, the constructing of the best survey possible and the like. Concern over the reliability of studies and the credibility of their results causes many of them to lose sleep as it is. Let us rather consider how we ourselves may contribute to studies' yielding reliable information about the social world, so as to help in the solution of problems, to warn of conflicts and to present the opinions of the average citizen in society, so that his opinion may be heard and taken into consideration.

Not only professional sociologists, but we as well must take an interest in the development of many different centers and institutions in Poland for polling public opinion. All should have the right and the forum for expressing publicly the results of their work. Such studies will perform their proper function and will be less likely to be the tool in political games if the persons surveyed have their own views and do not conceal them. Let us be ourselves, and then perhaps the percentages will line up properly as well.

'Third Circulation' Press Described as Extremist
26000434 Warsaw KONFRONTACJE in Polish
No 2, Feb 89 p 2

[Article by Anna Mikolejko: "Third Circulation"]

[Text] Sharp colors, a cacophony of typefaces of letters, shocking captions composed of cutout letters and headline fragments cutting through the surface of the paper in all directions. It all gives the impression more of a wall bristling with graffiti than a newspaper. This periodical formula began to build its career in the mid-1980's among academic and school youth. The very name of

these ephemeral little publications, circulated in enormous quantities, explains a great deal. They are described by the name "fanzim." The word comes, I presume, from the English word "fancy," meaning whim, idea, imagination, fantasy, extravagance, ornateness, colorfulness, variegation but also luxuriousness.

Indeed, one could say that almost the entire editorial program of the publishers, which one should call, not without justification, "third circulation" publishers, is contained within all these concepts. For they are growing out of the conviction that both the first and second circulation are subject to numerous constraining mechanisms that limit the free expression of one's own convictions, hinder expression of personality and dampen the spontaneity and freshness of feelings. Both circulations—in the opinion of the literature of the "third circulation"—established a specific order and therefore separate the public into parts, groups—into human units. Then they assign each of them a specific place, role and function. Paradoxically, this order nullifies itself in the mess it creates, since "beyond the chaos we are separated (screwed up, mixed up), we look for reasons (stay outside, do not go out), do not think that you can manage," as one author from AZOTOX writes.

And this is why "third circulation" literature distances itself, "stays outside," while at the same time opening its columns—generally duplicated—to impulsive spontaneity. One can find everything in it—from information on the latest hits and groups, through lyric, erotic and obscene short stories, through philosophical texts and song lyrics, through segments from literature, excerpts from letters and bits of reports on street incidents taken from the newspapers, up to and including ardent manifestos such as "Newspapers manipulate—this one too!! Think for yourself."

This is undoubtedly one manifestation of planned tolerance—tolerance taken to the point of anti-self-promotion. Because "fanzims," at least those that emerged with the "punk" subculture, e.g., AZOTOX or serial issues of publication from the Stanislaw Kostka Potocki Liceum in Warsaw (TOXYCZNA CHERBADKA, THE FLORACJA, THE FUTURE, DZIEWCZYNA) doggedly promote the notion of tolerance. At bottom this notion does not conflict with the idea of complete spontaneity, explains one of the "editors" of probably the most original "fanzim," as far as the formal side is concerned—JEZUS. "Self-expression, but not at the expense of others. I do not mess with you—you do not mess with me. If we have different value systems, then we bypass each other, not destroy each other." The struggle for authenticity was joined in the name of the struggle against stagnation, boredom. "Apathy kills, so let us kill apathy," is the slogan of an anonymous poet from AZOTOX.

Hence the eccentric and—to tell the truth—very difficult to read form of these publications. They have no beginning or end, every page is a whole unto itself and the

order of pages, as well as their pertinence to the issue, is completely unimportant. Also insignificant is the newspaper's layout as regards the reader. Copy, drawings and photographs are placed lengthwise, horizontally, sideways, upside down and generally in every possible direction. Despite abidance by these rules, every one of these papers is different, every one looks for new structural options, new means of expression. "The monotony of newspapers irritates me; columns, letters should not be even. If my texts were to be published in a 'normal' newspaper, let them be printed upside down," says "Plichu," one of the "editors" of a periodical that has not even maintained a consistent masthead. "Everything should be in motion. I don't want to read a newspaper so that the texts are pleasing. I have to like it at first glance."

And everything that surprises, shocks, amazes, evokes immediate and strong emotions is pleasing: an attractive girl in a transparent blouse, with long blond hair, presses her skull to a man's lips because she has no face; a man separating his parietal bones along with his hair and showing the brain within, leaping, laughing, sticking its tongue out at a nun; a knife that cuts out an eye through the lens of eyeglasses. Each of these pictures strikes at the standard sense of normality, meaning, logic; each agitates. In this way, it is supposed to arouse our activity, force us to think, exercise our emotions and not allow our feelings to subside or the human in us to fall asleep.

This optics of awakening the human beings in mannequins also finds expression in the peculiar approach to so-called news. For information about an accident, an assault, a summit meeting, etc., is not important here; only the human being is important, his experience, what is important is what the passengers on a derailed train feel, not that the train derailed or how many people were killed.

The publications described are among those that experiment most with the editorial art. And, as it turns out, not in vain. Because this style has begun to pervade the first and second circulation publications. It is enough to look at issues of the monthly NON STOP (sometimes NNNON STOP). On the title page a rather uneven panorama of letters of various shapes, sizes and colors. In the middle of the margin, filled with the "golden thoughts" of Gerard Depadieu, Truman Capote, Tina Turner, Sylvester Stallone, just to mention the names first on the border. Some of the headlines also depart visually from the so-called norm. If that were all but—another example—the handbill paper, POMARANCZOWA ALTERNATYWA at Warsaw University (April/May 1988). Here too the collage technique assails—the turbulent, colorful panorama of letters and an inclination to draw attention to the effect of surprise. These examples, although more serene, seem at first glance to differ little from those I have described thus far. But the literature of the "third circulation" is much richer.

Within its limits there are also "elite" publications with intellectual aspirations, i.e., PARANOJA, NIEREGULARNIK FRONT ARTYSTYCZNEGO 'SABIUK,' published by the "Partnership of Limited Consciousness" under the spiritual patronage of Stanislaw Ignacy Witkiewicz. Certain issues are marked by singular elegance, especially against the background of publications that have emerged around the "punk" style, a style that by assumption wants to imitate a trashcan. Although there is no less substance as a whole, and it is even much more astonishing, it does not suggest incidental connections on the basis of the similarity of pieces of refuse thrown next to each other.

Perhaps it is also worth adding that PARANOJA loves variations with the suffix "para," which suggests reality constructed somewhere beyond, besides, despite, parallel, additionally. The reality arises mainly out of the elements that have no right to exist in the first and second circulation; thus chaos, the "trashcan," from an experiment surpassing all the bounds of endurance in the so-called normal world. But the publications about which I have written are still completely aware of their place and situation, and they set up more decisively the status of "para-publications." And one must admit that they are winning over an ever broader public and beginning to interest the professionals.

But besides the publications consciously trying to make a force out of their own weakness, to the literature of the "third circulation" must be added those that have found themselves somehow beyond the bonds of "normality," since they deal with matters most often seen as fraudulent montages. I am referring to the rich literature from the realm of telepathy, telekinesis, magic, reports from spiritualist seances and in general everything that deals with the gamut of paranormal talents and phenomena. These publications also ultimately create a para-reality, although with total seriousness and dressed in the trappings of "scientific" experiments, theses, proofs and reasoning. For in them is a wholeness of place from which they speak, this sense of injury stemming from scorn and, as a result, a feverish attempt to penetrate the first circulation.

The literature of the "third circulation" thus clearly situates itself beyond the sphere of essential reports, beyond possibilities for meaningful influence; it is a respite from the everyday struggle. It is a peculiar escape from obligations and responsibility and it is above all for those who are under the stress of worry that they will not be able to live in the world as it is. So, at the beginning of 1982 there was an explosion of publications (and, of course, readers' interest) dealing particularly with paranormal phenomena. In them, unconventional ways of living, not to mention supernatural ways, were sought. "Fanzims" arrived a bit later and spread exclusively in youth circles. But "fanzims" no longer look for ways, but believe instead that there are no general prescriptions. The only thing that can be saved—in their opinion—is one's own good state of mind. Thus the human element

prevails in them; thus they open wide their columns to the unrelenting Patron of Fools, the eternal temptation of a society shackled by standards.

Finnish President on Trade, Cooperation
26000443 POLITYKA in Polish No 14, 8 Apr 89 p 12

[Interview with Mauno Henrik Koivisto, President of Finland, by Tadeusz Jacewicz: "Close Neighbors"; date and place not given]

[Excerpt] [Passage omitted]

[POLITYKA] We are almost neighbors, just across the Baltic. Polish-Finnish trade is developing fairly well, but it still has far to go to take advantage of all the opportunities existing on both sides. Why is this the case, Mr. President?

[Koivisto] Poland is one of our closest neighbors in Europe. But trade between us is not developing at its best. The scale of our trade has not increased in the past decade and, at bottom, in constant prices the value of commercial exchanges has clearly decreased. There is also a lack of balance in sales, meaning that we sell less than we buy from Poland, despite efforts to improve this. If one takes a closer look at trade development, we can see that Polish exports to Finland are on the right track. Coal continues to be the most important item, but it is accompanied more and more often by other exported goods. Sales of these other items are four or five times greater than ten years ago and amount to half of our imports from Poland. Nearly every year, ships figure in Polish export deliveries and this is no small accomplishment, considering that Finland has its own large shipbuilding industry. The problem that is occurring in our bilateral trade is stagnation of exports from Finland. The reasons are obvious: Financial problems have limited exports to Poland in general and have almost halted completely the export of "key" industrial objects in the 1980's. But we have now achieved an understanding in the matter of financial framework principles so that Finnish exports to Poland can begin to grow. This will give a new impetus to all trade between Poland and Finland. So there are grounds for some optimism in the matter of prospects for trade between us.

[POLITYKA] Poland wants to develop economic cooperation but also in the areas of environmental protection, culture, science and other fields. Is Finland interested in this?

[Koivisto] Economic cooperation and cooperation in matters of the environment can no longer be treated separately. Economic development will affect the environment one way or another and, to an even greater extent, the state of the environment will affect development of the economy. In the growing economic contacts between both our countries, environmental issues inevitably crop up. Because coal constitutes an important part of our commercial trade and it is in the interests of

both parties that this continue to be the case, deliveries of coal should be guaranteed for the future too. Energy conservation in Poland plays an important role here. And in this area Finland has experience, technology and technical knowledge, which it will gladly share with Poland. By cooperating with Polish industry in seeking the best solutions for rationalizing energy consumption, we have an indirect impact on decreasing pollution of the atmosphere. We note with satisfaction the growing desire of our neighbors, including Poland, to cooperate in matters of the environment. Pollution of the environment is a continuous, cumulative process that bypasses traditional laws of international politics and forces us to coordinate our ideas and actions in a completely different way. For now, many international or regional projects for protecting the water and the atmosphere are still at the stage of projects of unimplemented plans. Finland participates actively in formulating these plans, at both the Nordic and European levels. Finland and Poland have some experience in cooperation in the environmental field because they have worked together for more than ten years on the Baltic Commission to stem the processes of degradation of the environment in Baltic waters. I am of the opinion that our cooperation should be continued and developed.

Finland and Poland have century-old cultural ties that form a good basis for future cooperation. I know that Finnish literature enjoys great interest in Poland and that many Finnish literary works are translated into Polish. Naturally, the Finns are very familiar with Polish cultural figures, from Chopin to Penderecki, from Sienkiewicz to Andrzejewski; they appreciate Iwaszkiewicz and others, but there is still much to do and know, especially in the area of recent literature and art. The Finnish delegation will undoubtedly be an active participant in the symposium organized in Krakow on the European cultural heritage.

[POLITYKA] In your opinion, Mr. President, what are the general prospects for development of Polish-Finnish relations?

[Koivisto] Political relations between Finland and Poland are good and always have been, even in difficult times. The network of our intergovernmental agreements is broad and this permits ministers and leaders in various fields to maintain continuous contacts among themselves. Last year the 60th anniversary of the Finnish-Polish Friendship Society was celebrated. The long term, active existence of this society is evidence of Finland's great interest in Polish culture and Poland's development. Many nongovernmental organizations, such as political parties and social organizations, maintain contacts with their counterparts in Poland. Our parliaments exchange delegations. Contacts between our countries at the government and nongovernment levels are based on lasting foundations, thanks to which they can be continued and developed. I would also like to express the wish that my visit to Poland might contribute to the consolidation of these mutual contacts.

YUGOSLAVIA

Recent Statements by Milosevic Criticized
28000105 Zagreb VJESNIK in Serbo-Croatian
16 Apr 89 p 4

[Article by Hido Biscevic: "Socialism's Blind Spot"]

[Text] Although the well-known force and resolute voice of Slobodan Milosevic resounded again from the TV screen a few days ago, with yet another of his typical "folksy sentences" to the effect that "we do not have the time to explain our policy to everyone individually," the seriousness of the Yugoslav crisis and the historical dimension of its denouement certainly demand both time and clarification. Not only because of the obvious contradiction between the public advocacy of democratic transformation of Yugoslav society and this unambiguous and indeed even intolerable message that "his policy" need not be explained, that is, nor discussed, but also because of those everyday pragmatic suspicions to which this country has become almost accustomed and which now are again attempting to figure out what is to come after this latest signal from Milosevic to the effect that only now that Serbia has become a "state on its entire territory," does the real battle come for arrangement of political relations over the entire territory of Yugoslavia. Or perhaps it would be better to speak about the constitution of the new Yugoslavia?

Precisely because our common destiny is only now beginning to be seriously decided, because only now, in this silent post-Kosovo period, does the decisive resolution begin of the issue of the federation and ideology, that is, the issue of Yugoslavia and the new "socialism"; precisely for that reason we must indeed have time and precisely for that reason we must indeed carefully explain "our policy." Aprioristic egotism and intolerant self-confidence, as we know, have already led us anyway to the lowest level of politics and civilization which the peoples here have ever fallen to since they created their common homeland. Not to find the time and not to agree to discussion and clarification means, then, assuming the responsibility of an accomplice in the historical decline of an entire country. Is there any political program that can justify that?

Two Kinds of Consent

Thus, the question of what Slobodan Milosevic and the spokesmen of the ideological and national program of the Serbian party today "do not have the time to explain" again moves to the center of attention. Why are they in such a hurry? Why have they been insisting on the apparently inessential and apparently linguistic game of the extraordinary-ordinary, with all the accompanying inconsistencies and meanderings which this has been generating in various of our republics, many of them convinced that their "situation is normal," but which still, in order to calm someone else's conscience, are still

willing to assert that the situation in the entire country is extraordinary? What, then, is that program based on, and what are its principal features?

The newspaper is certainly not the place to compress large theorems, but...nevertheless: the blueprint in question is one that intends to build a neo-Stalinist corporate state in Yugoslavia at a time when the entire world of socialism is trying with all its strength and in spite of great difficulties to free itself precisely of the Stalinist reduction of the socialist idea to ideological and political monolithism and repression by police. Harsh as it may sound, the thesis can be proven. Let us take things in order.

First of all, we are dealing with a process of obvious ethnic homogenization, which has been mentioned so much. But not on behalf of "standard" ethnic motives and sentiments enveloped in the deliberately radicalized "Kosovo drama," but so that this kind of emotional and therefore irrational consent in a segment of the Yugoslav community makes it more difficult or even altogether prevents a free public dialogue about differences and the confrontation of differing views of the ideological changes that would lead toward reform of the present model of socialism. In Serbia, but also in Yugoslavia...indirectly or directly, deliberately or involuntarily, on our own initiative or even on someone else's expense...as it is put in the now well-known type of political sentence which Slobodan Milosevic has been promoting and of which even Stipe Suvar is already beginning to make ironic fun. Seriously, the problem is not just nationalism, but the fact that a nationality has been used as a kind of voluntary repressive ban on those ideological discussions without which there can be no reform of socialism.

Such a strategy is accompanied on the economic plane by the program of illusory economic justice, but not as an offshoot or phase in achieving the historical goal of socialism, but as a means of maintaining the political stability of the regime that is in power today, regardless of the actual economic results or the level of the standard of living. What is more, this supplements the ethnic consensus with social consent, unifying the workers and the regime in the formula long ago denounced of exchanging "idleness" for "political peace." Since this is becoming more and more difficult in the context of the growing crisis, the masses have to be constantly shown a "scapegoat," which fully explains the propaganda campaign that is in full swing about the "billion dollars for Kosovo" which this hungry country racked by a crisis (there is manipulation of emotion for you!) is appropriating for that rebellious and insubordinate province, and at the same time the point is intentionally avoided that the problem does not lie in the sphere of ethics, solidarity, and wastefulness at all, but in the 40-year legacy of statist power over the economy, a power which probably would spoil any kind of accumulation, given or borrowed...as, incidentally, has been dramatically and

adroitly demonstrated by the entire country, not just Kosovo, by drawing up the list again of "millions of dollars a day," that is, the foreign loans.

Father Ferapont and Other Fictions

The technology of constant production of enemies, as a standard substitute when one cannot display his own constructive achievements, is also in keeping with the overall strategy, so that the advocates of that program in the political sphere behave like Father Ferapont, the character whom Dostoevsky invented and described with genius, who always and in every detail of overall reality around him seeks and sees only opponents, enemies, conspirators.... Then it is a part of the blueprint, as again we already know, to deliberately renew the classical personality cult. But in this case there is a double intention. First, so that the Leader takes over the role of pater familias at a time of general historical and concrete social uncertainty and even downfall of an ideology and community at a fateful crossroads. Second, that as party Leader he embody the Cognitive Mind which in the period of the utter crisis of the ideological model will perceive the best responses and "send them down" to the base of society through the party apparatus. This certainly strengthens the structure of the party state and that interpretation of democratic centralism which holds that each higher set of leaders should possess more power...not to mention that the inevitable factory of the administrative and every other kind of bureaucracy, in spite of all the hullabaloo about so-called antibureaucratic revolutions, precisely as a part of this blueprint essentially strengthens its positions, merging its power with the "generally accepted" power of the leader.

An additional feature of the entire blueprint is the strategy of macroeconomic control by means of so-called large work-production systems. There is hardly any need to prove that that commitment is opposite in principle to the essence of the economic reform in socialism which, along with everything else, has fallen into crisis precisely because of "large systems," that is, because of entrenchment in so-called state socialism. At the same time, there is hardly any need to recall the price that Yugoslavia has already paid up to now because of its experience with that kind of macroeconomic strategy. But if we still have to mention examples, it is enough to recall the consequences to Bosnia-Herzegovina of the policy of "large economic systems plus political-dogmatic repression." The cloak of what appears to be greater economic efficiency can hardly conceal here the intention of the political factor, that is, of the party, to control and guide all social life through that kind of corporate state, in possession of the opportunity to oversee all its aspects, from the creation of jobs to the spiritual sphere. Further, it is precisely in the social sphere that the entire blueprint relies on various forms of manipulation of mass consciousness (as a social-specific and age-specific category that is dissatisfied), the intellectual community (through elaborate stages of winning it over: from the initial removal to a distance, followed by provocations and

intimidation, all the way to manipulation of the "new freedoms" to criticize the authorities of the past at the service of the present ones), the cultural sphere (through mythologization and mystification of various kinds, through a gradual reshaping of the value system so as to create a climate of mass satisfaction of the lower cultural needs or indeed even the lowest passions, through the outright "purchase" of influential or prestigious cultural figures in order to propagate the political program of its protagonists....

The entire strategy is also based on the appearance of revitalization of civil rights and liberties—for example, the right of free speech, the right of assembly, the right to criticize the authorities, to publish articles in the press...which in the political sphere proper is parried by the appearance of reliance on the activity of the party membership, all of which together comprises an elaborate technology for maintaining the status quo by means of fictitious social dynamics with strictly defined, controlled, and guided requirements and intensity. Since it is after all an illusion, it is not difficult to see that in spite of the immense social and political energy that has already been spent in carrying out this strategy, from the rallies to the entire avalanche of meetings, confrontations, and attacks...there actually have been no real results or they have been deliberately staged, as shown by the statistics on the actual relief of the burden on the Serbian economy, on the actual rate of economic growth, on the real reduction of the administrative apparatus in the republic of the so-called antibureaucratic revolution, and so on.

The Rule of the Meritocracy

In keeping with its own ideological nature, of course, that strategy relies on the resistance to political pluralism and, still more, to the multiparty political system. But not so much because of the "standard" political motives that have been mentioned by many Communist Parties in power all over the socialist world, but because of a much simpler line of argument—that is, preservation of power. Although it is not difficult at all to prove how fictitious is the entire evidentiary procedure which is today attempting to assure the public that a plurality of parties leads directly to fratricidal wars, that it is not permissible because of the provisions of the constitution, that it threatens socialism (which, as it now stands, is "threatened" by the very reform of socialism!), that the purpose here is to eliminate the leading role of the party (while at the same time no one has been managing to prove why that leading role is a priori, inalienable and not subject to verification in elections)...in spite of that, then, the protagonists of this blueprint have been deliberately manipulating the argument that a different political shaping of the League of Communists would not be anything other than a camouflage for its political elimination, and in a party state doing away with the party cannot mean anything other than the "suspension," that is, dissolution, of the state!

Finally, as it always is in history, that administrative-command and dogmatic-repressive order, wrapped in a seemingly attractive populist package, is also relying on the

so-called rule of the meritocracy, that is, the rule of those with past service: one could hardly have better proof of the criteria for social and political advancement in that part of Yugoslavia, criteria that have been brought altogether into conformity with the "past service" displayed in the so-called revolutionary wave against the bureaucracy, which is so obvious that even the loudest rallygoers should actually be embittered already!

When, then, the key ideological contours of the entire strategy are sketched out at least superficially, then we are no longer dealing only with their ethnic source, but also with much more far-reaching forebodings. Then, political consciousness and human conscience argue resistance to this type of historical anachronism which, in the center of Europe and at a time when the remnants of the socialist world are finally penetrating the shell of the Stalinist reduction, is attempting to turn Yugoslavia into a neo-Stalinist corporate state. And regardless of which ethnic community in Yugoslavia it comes from, this blueprint remains historically unacceptable.

Incidentally, it is also historically incompatible with the long-range interests of the Serbian people, just as it does not fit into the historical tradition of the democratic movement in Serbia itself either. Put metaphorically, if there is a "blind spot of socialism" in any part of the country, it objectively destroys Yugoslavia's positions in the midst of the wave of reform that has caught up the socialist world and Europe, and it places the country into an increasingly difficult international position, so that it seems that the time has come for the advocates of this program to have to answer the simple question: Serbia, yes...but what kind of Serbia?

Hostile Pamphlets in Kosovo Denounced 28000107 Belgrade BORBA in Serbo-Croatian 15-16 Apr 89 p 14

[Article by Milos Antic: "Rebellion Against Yugoslavia"; first paragraph is BORBA introduction]

[Text] The command headquarters of the Pan-Albanian separatist movement has not given up its bloody and sinister intentions since the devastating demonstrations in March. On the contrary, it has organized and directed its propaganda so as to simply bombard members of the Albanian nationality with it, nor are they the only recipients. Its moves are deliberate and well-thought-out. Even though the curfew is in effect, during the night its runners succeed in scrawling slogans and distributing hostile pamphlets.

For Some a Bullet, for Others the Knife

The next move was aimed directly at the Serbs, Montenegrins, and all others who live in Kosovo. The message was short and clear: "Move away, or we will slaughter you." Some would get a bullet, others the knife.... Fratricide, blood, and darkness for all.

Finally, a proclamation arrived in the form of a pamphlet from the hostile underground organization of Albanian nationalists and separatists, the "people's movement for the Republic of Kosovo," which now seems to hold all the reins of the counterrevolution in its hands. As on previous occasions, once again its main "weapons" are demagogy and lies, mixed with the endeavor to play the card of the supposed ethnic sensitivity, sense of threat, and injury of the Albanians.

That is in fact how the pamphlet begins. In order to have a greater effect, it addresses "its clientele" with the following words: "To the Albanian people, workers and peasants, university students and schoolchildren, women and children," and then it immediately "reminds" them that all of them, old and young, have taken a position "against abolishing autonomy." They back this up with the November protests, the 8-day general strike in February, and the boycott, strikes, and demonstrations in March.

"The will of the people," the pamphlet goes on, "has not been recognized, but rather the people has been labeled nationalist, separatist, and counterrevolutionary."

And that is the first big and unscrupulous lie, which no intelligent man can "swallow," especially not a single Albanian, who knows what has been happening in Kosovo, who enjoys all his rights and liberties, who has been witness that nothing and not a single right, autonomy in particular, has been taken away from Albanians. No one and no forum or official in Kosovo, in Serbia, or in Yugoslavia has ever, not even after all the events in Kosovo, called the Albanian nationality nationalistic, separatistic, and counterrevolutionary. Yes, it is true that the nationalists and separatists are being called to account, since they have brought on the bloodshed, but the Albanian nationality has always been kept distinct from them.

'We Will Never Buckle Under'

Incidentally, the Albanian nationality has itself done the best job of distancing itself from the nationalists and separatists, who in March moved openly against Yugoslavia with weapons. Barely some 20,000 people were on the nationalistic and separatistic barricades, many of them young people led astray. But there are nearly 2 million Albanians.

The authors of this proclamation in pamphlet form go on to try with all their might to show that the "Pan-Serbs (velikosrbi) have taken autonomy away from Kosovo," that a still darker period is coming for Albanians, a period of terror and discrimination, a period of colonization and Serbianization of Kosovo, a period when our Albanian identity will be threatened. This is, of course, followed immediately by an outright threat: "Let the Pan-Serb chauvinists know quite well that now again, just as up to now, we will be fighting with blood and our lives against Serbia's new conquest of Kosovo."

Thus, the text moves quickly to insane appeals that make the hair of any honest man stand on end. Making a headline of the name of their hostile organization, "The People's Movement for the Republic of Kosovo," in order to point to the first objective of their struggle, and ending with the slogan "Kosovo a Republic," they directly, without indirection or circumvention, as they once did, are now calling for the "entire Albanian people in Yugoslavia to continue a still stronger resistance in all possible forms," "so that we inflict still more damage on the conquerors" and "prove that we will never buckle under and accept the yoke of slavery."

Each of the sentences or half-sentences of the hostile pamphlet deserves a lengthy comment. But that can also be dispensed with, since the hatred, despair, and human hopelessness of those who are drugged and poisoned with nationalism emerge from every one of them. Seeing no further than their own nose, not only do they fervently want to push the members of the Albanian nationality into a fratricidal war against Yugoslavia, but altogether heedless of their fellow countrymen, if such people can have fellow countrymen at all, they call upon them not to work, to destroy what has been built in Kosovo with the sweat of all, so that later they would go hungry.

The saying is that if that is what they want, let them have it. But that does not exactly apply in this case. The appeal is issued to fratricide "because of subjugation and enslavement." What baseness, what a fabrication. Can it be that the ideologues of the Pan-Albanian counterrevolution can be so blinded as to believe that any Albanian, except possibly the one whom they have poisoned with nationalism, could accept something like that? But it is well-known who such messages are intended for, those who look on reality in Kosovo through the spectacles supplied them by Tirana and the extremist Albanian emigre community.

The authors of this pamphlet, through which the platform of the counterrevolution for continuation of the struggle against Yugoslavia is set forth, express their clear desires in the 10 points we have mentioned. In the fragile Kosovo situation, when the enemy is still at large, it is not impossible that some of his desires might be fulfilled, that there possibly might be some sabotage, a strike, a work stoppage, or the like. However, we should hope, and actually we should be certain, that most Albanians in Kosovo are aware of the counterrevolutionary nature, insanity, and sinister nature of that "program" and what it would mean above all for them themselves, and then also for others in Yugoslavia. We have to believe that the casualties in March opened many people's eyes and that they will not allow more bloodshed. That would be disastrous, but the enemy and the authors of that pamphlet dream of it while they are awake.

The time that is coming will provide the best answer to all this, since it is the best judge. By distancing themselves from the militant stormtroopers of the Albanian separatist movement in March, most Albanians have stated their position.

[Box p 14]

Sabotage, Strikes, Boycott...

Among other things, the pamphlet in its 10 points instructs Albanians as to all the things they should do against Serbia and Yugoslavia: "wherever possible, organize demonstrations," "continue to write patriotic slogans," "commit economic sabotage by cutting off electricity to factories and mines," "do not produce raw materials for Serbia, Macedonia, Montenegro, and the rest," "disable long-distance transmission lines toward those regions," "boycott goods from Serbia, Montenegro, and Macedonia," "prevent the arrival of new colonists," "continue strikes and work stoppages at any price," "those working in other parts of the country should organize demonstrations and inform the world public about this," "we appeal to the police not to fire on the people's sons and daughters," and finally—"we appeal to everyone to show greater vigilance, covertness, cool-headedness, caution, and revolutionary-patriotic maturity."

Drnovsek EFTA Position Seen as Pragmatic, Short-Sighted

*28000103 Zagreb VJESNIK in Serbo-Croatian
4 Apr 89 p 4*

[Article by Ljubomir Cucic: "Dr Drnovsek and EFTA"; first paragraph is VJESNIK introduction]

[Text] Why for the second time in a short period is one of the Slovenes among this country's top political leaders speaking concretely about joining the EC or EFTA, and which of the two options has a greater chance of success?

In a month or two a convinced "European" will take his place at the head of the weary Yugoslav convoy in the rotating mechanism of the collective Presidency. After his first public appearances in his (future) new role as Yugoslav chief of state, Dr Janez Drnovsek can be reproached for only one thing: he has too many good ideas for the short length of his (1-year) mandate. One of these is his intention to propose to the top leaders that Yugoslavia, as he put it, "initiate new, intensive contacts with all European economic communities." At the same time, that was the only portion of his conversation with the public that had a programmatic message.

Although Dr Janez Drnovsek formally is still not a member of the Yugoslav Presidency, we must note that he is the second Slovene among the country's top political leaders who has concretely and publicly supported the "European option." But in contrast to Stefan Korosec, the party secretary in Belgrade who dropped a real media and political "bomb" a few months ago with his statement that "Yugoslavia should examine the possibility of joining the EC," fellow Slovene Drnovsek says that "he sees the best prospects in approaching EFTA." It is good in this time of confusion and straying to draw attention to the fact that Yugoslavia is a European

country and that without Europe it will not progress beyond a merely modified autarky, but it is not good that the Slovene Europeanists are not on the same wavelength. By proposing ties variously with the EC and with EFTA they show some dilemmas of their own and attempt to define Yugoslavia's European choice. Who is closer to the truth, Korosec with the EC or Drnovsek with EFTA?

The EC is a supranational community with its own working and decisionmaking mechanisms in the current common market and, for the future, in the so-called single (integrated) European market. The EC establishes elements of a common and binding trade policy toward third countries and in this sector its member states enjoy no autonomy. The EC is striving toward so-called total economic integration, the creation of an economic and political union. The EC countries are gradually defining some common elements of foreign and defense policy. Finally, all the EC countries except Ireland are members of NATO.

EFTA (European Free Trade Association) has far more modest ambitions. At present it is only a free trade zone; it arose as an alternative economic community to the EC in Europe, because the EC was (then) considered a plot based on discriminatory principles. EFTA does not have a supranational character and all its members preserve their independence in all aspects of policy toward third countries, from economic through political. Finally, EFTA is an association of neutral European countries, with the exception of Norway, which is a member of NATO, and of Iceland, which hosts an American military base.

Seeing in EFTA a possibility for Yugoslavia to climb onto the "1992" European train (the EC and EFTA are jointly forming a single European economic zone of the "18"), Drnovsek is obviously working on the assumption that entering EFTA is easier and more acceptable. In this scenario, Yugoslavia as a nonaligned country will find the company of neutral countries more congenial than that of the NATO military alliance, for which "EC" is only the economic acronym. In formal legal terms, membership in EFTA, in contrast to the EC, does not in principle require total similarity of economic and political systems. Joining the EC is possible only if the candidate has a democratic government, i.e. a multiparty system with secret, direct Parliamentary elections and a capitalist economic system.

Thus joining the EC is impossible until the aforementioned conditions are met (cf. the examples of Greece, Spain, and Portugal) and joining EFTA is impossible until the condition of total trade reciprocity is met, i.e. opening the borders to imports and eliminating tariffs. Although from the Yugoslav perspective each of the three "assignments" seems difficult, it is clear why EFTA is more acceptable to Drnovsek than the EC: joining EFTA does not require political concessions!

Things are not all that simple, however. The stimulus to found EFTA in 1960 came from Great Britain, but 14 years later that country left EFTA. Subsequently, first Denmark and then Portugal dropped out. All three countries joined the EC. At this very moment, we hear from Vienna that in the course of 1989 that government will submit an official application to join the EC. Norway had one foot out of EFTA and into the EC but the government's decision did not survive a national referendum. Oslo is expected to follow Austria soon on the path to the EC. Sweden, too, is striving to be closer to the EC but wants to preserve its independence in foreign policy and defense. Today Stockholm is seeking the optimal arrangement for—being “inside and outside” the EC simultaneously. Of EFTA's members, that leaves Switzerland, which has no need to consider joining the EC (Switzerland is not a member of the United Nations either), and small countries like Finland and Iceland, whose accession to the EC is not on the cards for the immediate present but cannot be ruled out either.

Obviously, the EFTA countries realize that the mainstream of economic association in Europe is passing them by, that it is the EC that calls the tune with respect to technological, economic, and political change in Europe. Almost all the EFTA countries are in a phase of reexamining their relations with the EC, which testifies to EFTA's unique identity crisis. To put it more simply, EFTA is “drowning” in the EC and the process of its extinction as an international economic body has begun. It is only a matter of time until the majority of EFTA member states enter the EC, one by one. We should expect them to join formally after 1992.

If the correlation of forces in the European economic sector is as described, it raises the question of whether it is appropriate for Yugoslavia to seek closer ties with EFTA. In other words, what is the sense of joining with or forming closer relations with countries which themselves have their own variety of a “European complex”? The epicenter of European unification lies in Brussels, the headquarters of the EC Commission. It is the Commission's views and regulations that all those who are concerned about their place in the European sun accept. All this is well known to the Europe-oriented doctor of economic sciences from Ljubljana. Why then does he still think that Yugoslavia's European future lies in—EFTA?

Because Janez Drnovsek knows where he lives. He knows very well that in Yugoslavia it is impossible to dream about parliamentary elections, a multiparty system, and opening the gates to European multinational capital and private entrepreneurs who could almost buy the entire country if they wanted to.

From the perspective of the ruling party, opening Yugoslavia up entirely to Europe, i.e. to the EC, would be an almost counterrevolutionary act. This is because it would threaten the party's monopoly on truth and power. As a member of that party and head of the state in which it holds power, Drnovsek knows that it is necessary first of all to respect the rules of the game and only afterwards to promote “acceptable” ideas and programs through the established apparatus of power. In the rigid system in which power is distributed more or less equally, apriorism and radicalism simply have no chance of success.

Although in this context Drnovsek's EFTA option seems to demonstrate political wisdom and compromise-oriented pragmatism, yet it seems that Stefan Korosec and his EC variant were closer to the mark with respect to the course of political and economic change in Yugoslavia and Europe. Korosec seems to realize that two irreversible processes are under way: the practical and formal monopolization of Europe by the EC and the already-started process of the collapse of the current monopolistic pattern of political power in Yugoslavia. When he says, “Let's enter the EC,” Stefan Korosec is talking about long-term goals, about a view of this country's future as a democratic society in the full economic and political sense of that word. He realizes, it seems, that Yugoslavia cannot be a European country if it has even the slightest reservations about the European “ideals of freedom,” whether with respect to multiparty democracy or the capitalist-style free enterprise system. In the system of values of those who think like Stefan Korosec, the reforms that lie before Yugoslavia are nothing less than the start of the preparations to join Europe. Those who dilute those reforms with formulas like “pluralism but not of the multiparty type,” “social property—the dominant form of property,” and the like are only avoiding coming to grips with the inevitable: in order to enter Europe, Yugoslavia must first become European!

HUNGARY

Police Join UN Peace Force in Namibia

25000198 Budapest MAGYAR HIRLAP in Hungarian
6 Apr 89 pp 1, 2

[Article by S. Edit Molnar: "Our UN Policemen Are Getting Ready"]

[Text] The 22-man Hungarian police unit whose members will be carrying out special assignments in Namibia at the request of the UN is ready. The policemen will be leaving soon and together with colleagues from 16 countries will be part of the police contingent UNTAG (the UN Namibian Transition Assistance Group) which will play an important role in the process leading to Namibian independence. For this important task, the Hungarian Ministry of Interior carefully selected the 22 men who will be members of the UN contingent providing police supervision.

The 22 Hungarians must arrive in the Namibian capital by the end of April. At the request of the UN, they will help keep the transition period leading to the independence of this last African colony peaceful. The preparation of the unit may take another two weeks. We talked with Gaspar Tamas Gal, commander of the unit which is part of the civil contingent totaling 500 men, and head of the Ministry of Foreign Affairs' regional main office dealing with black Africa. The Hungarians were asked to oversee the activity of the local police until the attainment of complete independence, expected by next April, to ensure that they will not influence the preparation and process of the elections. For this would be contrary to the Security Council's notable Resolution No. 435, in force since 1978, and also to subsequent agreements.

The responsibility of the Hungarians, therefore, is not keeping order. During their stay there they may not interfere with anything, may not influence anyone or anything, and must display complete impartiality and objectivity. In other words, they will avoid politics. They will supervise some 70 or 75 police stations and police quarters solely from 40 local control points serving as bases, located in six areas. They will report their experiences to the representative of the UN Secretary General.

These tasks determined the requirements. Gaspar Tamas Gal stressed that it had not been easy to select the unit. The UN's conditions were: to speak English or German, preferably both, at conversational level, to meet the strict health requirements, and for each member to have undergone military service. The selections were made through a competition advertised by the Ministry of Interior and the Ministry of Foreign Affairs. The unit consists partly of policemen and experts in public safety and partly of military reservists experienced in foreign service. They are still undergoing special training, studying Africa and Namibia.

"We are trying to prepare them for coping with unusual influences, unexpected events and special psychological pressures," said their commander. "Namibia is vast, nine times the size of Hungary, with everything from deserts to humid tropical forests. Distances there are great, so of course they all must be expert at driving all-wheel-drive vehicles and handling walkie-talkies. We have agreed that a minimum of five Hungarians will be on duty together. A total of 15 countries are sending units for the 500-man police contingent.

"How long we are going to stay is unpredictable. That will be determined by the events in Namibia. That is, we will be there during the campaigning and the voting and at the birth of the constitutional national assembly, the new constitution and the new Namibian government, but at the maximum for one year." "I am optimistic," states, not the commander this time but the African expert. "It is possible that the constitution will be accepted quickly, and Sam Nujoma, leader of the pro-independence SWAPO, nowadays often mentions that he is willing to form a government coalition."

"I came back from that locality recently," Gaspar Tamas Gal relates. "A SWAPO victory is predicted to have a 40 to 80 percent chance, which is a rather wide margin, therefore a keen campaign struggle can be expected. In March 40 parties were registered. Through mergers and by rallying into alliances, this number may be reduced to six significant political factions by the time of the elections. I have met with local officials and leaders of some of the parties. They, and especially the eight Hungarians living there, are awaiting us."

"Namibia now faces good prospects for permanent and peaceful order. The transition to independence has already begun. The Republic of South Africa has fulfilled its obligations till now. Political forces will determine the atmosphere and the pace of the changeover.

"Many people in Namibia emphasized to me that they would like to avoid physical violence and achieve a genuine democracy based on a multiparty system. SWAPO will be a partner in this. The mass homecoming of SWAPO emigrants and other refugees is being preceded by great expectations. South Africa will prepare and conduct the elections and will count the votes. A chief administrator appointed by South Africa will govern through decrees until independence. Martii Ahtisaari, the UN Secretary General's special representative, can have a positive influence on the atmosphere but he, too, must cooperate with the chief administrator."

Much is being written about South Africa "preparing" the Namibian police before departure, not collecting weapons, smuggling some of its people into other institutions, paying their salaries in any event until independence, and furthermore, trying to gain votes with forged ID's to favorably influence their balance of political power. Are there any details concerning this?

In Gaspar Tamas Gal's opinion, it is certain that South Africa was forced to decrease Namibia's police force from 15,000 to 1,500 by 1 April. The UN police force, including the Hungarians, can monitor only the actions of those still in uniform. "We cannot know," he added, "what kind of orders the discharged and the reenlisted persons received. There are still many questions to be clarified. For instance, some Namibian groups want to keep the local police away from the election meetings. Others think just the opposite, that their presence should maintain order. The situation is still unstable, this is exactly why it is so exciting."

What does this trip mean to the members of the task force? "It means, above all, a great experience, a great challenge. Whoever goes through this will come home a different person. We will be very dependent on one another and I hope we will become a good community," said the commander. "For this reason, I am glad that most of them are young, both the policemen and the diplomats." And, the finances? "They will continue receiving their regular pay and the UN will pay their expenses in Namibia and a daily allowance."

What does this mean for our country? "It has a symbolic significance because it suggests trust and respect and that we are considered qualified. Our nomination was unanimously accepted. Our involvement is a pioneering one:

the UN has never before sent a supervisory police force to any area. But this is important to the UN also because this is the first time that it has directly helped a country achieve its independence.

And, finally, what does all this mean to the commander? What road led to this? A diplomatic career. Gaspar Tamas Gal worked in our Ghana and Kenya embassies and his adult son was born in Nairobi. He represented Hungary in Beijing and, most recently, in Mozambique and was deputy chief of the International Control and Supervisory Committee's Hungarian section in South Vietnam. He dealt with African affairs in the MSZMP's [Hungarian Socialist Workers Party] foreign affairs department when interparty relations were being formed. He is happy about this mission also because South Africa is his hobby. He has spent a lot of time on it, has written about it several times, and now has the opportunity to observe these communities at close range, something hitherto impossible. He states that diplomacy and human relations activities will be the forefront of his work since the disposition of South African officials could be decisive. It is fortunate that about half of his group are diplomats.

How old is he? He will celebrate his 50th birthday in Namibia.

GERMAN DEMOCRATIC REPUBLIC

Grain Director Queried on Deficient Yield 23000161a Cottbus LAUSITZER RUNDSCHAU in German 7 Apr 89 p 3

[Interview with Prof Dr Georg Kratzsch, director of the Institute for Grain Research Bernburg-Hadmersleben, by Wolfgang Swat in Bernburg, date not given]

[Text]

The Institute

Originating in the "Ducal Land Experimental Station," documented since 1880, research in the field of crop cultivation began in Bernburg in 1882 under the direction of Prof Dr Hermann Hellriegel. The Institute for Crop Cultivation was established in 1948 on the site of the experimental station in Bernburg. Since 1951 it has been part of the GDR Academy for Agricultural Sciences. The Bernburg and Hadmersleben institutes were merged in 1968, following a decision by the Academy. The institute presently has 800 employees, 130 of them scientists. Its main tasks are the breeding of new strains of wheat, barley and corn, accompanied by the appropriate basic research and the further development of the production processes for the different varieties of grains as well as other crops handled by combine harvesters.

Its Director

Comrade Prof Dr Georg Kratzsch comes from a farming family. After studying at the Friedrich Schiller University at Jena, he worked for 4 years in the VEG [state farm] Annaburg, inter alia as production manager.

In 1967 Comrade Kratzsch qualified at Bernburg College as a university lecturer in the field of beet production.

He has been working at the institute since 1968, was manager of the section for soil preparation equipment, department director for breeding and, since 3 January 1986, has been director of the institute. Professor Dr Kratzsch has been awarded the order "Banner of Labor," Grade 1.

Aged 53, he has one daughter and seeks recreation in weekend walks across the test fields of the institute. He spends his leisure hours mainly in reading relevant scientific papers.

[LAUSITZER RUNDSCHAU] The Eleventh SED Party Congress called for an 11.8-12 million ton grain harvest per annum as the target for the 5-Year Plan. Is this still realistic in view of our 1988 experiences?

[Kratzsch] Definitely yes. In support let me cite three points. First of all we have diligent and well educated people in our agriculture, who are committed to this task. Secondly we are enjoying several preconditions. We

have high yielding varieties, a proper scientific production procedure, and the industrial prerequisites, especially with respect to the availability of chemicalization resources, have improved. Four or 5 years ago we only had fungicide available to treat some 400,000 hectares in our republic; last year we had enough for 2.3 million hectares, and this year the supply will suffice for 3 million hectares. And, thirdly, we have already harvested 11.5 million tons of grain in the GDR.

Even Greater Attention to Soil Fertility

[LAUSITZER RUNDSCHAU] What are the main lessons of 1988?

[Kratzsch] Weather related losses were small wherever soil fertility was in order and the production procedure properly implemented. This shows us the starting point for future efforts. We must devote much greater attention to the improvement of soil fertility. That is not just an empty slogan, it will need serious effort and large sums of money. We need to improve the production of barn manure. Also necessary is the proper application of the scientific bases of land and stock management, and we must more frequently and more correctly assess stocks in order to arrive at the right decisions. At the same time we need to work on other matters. For example, we drive across the land with far too heavy tractors, thereby compacting the soil. All these represent reserves. Still, I would also like to remind you that farming is, after all, carried out in the open. We will always get yield fluctuations.

[LAUSITZER RUNDSCHAU] Hartmut Koch, one of our readers from Cottbus, would like to know the extent to which adverse weather conditions may be counterbalanced?

[Kratzsch] We are now able to just about halve the effects by improved soil fertility and proper land and stock management. It must be our aim that losses should not amount to more than 5-10 percent. This calls above all for the knowledge and skill of our people but of course also implies some material-technical conditions that will enable us more efficiently to carry out the work in the fields.

[LAUSITZER RUNDSCHAU] You mentioned that more fungicide—that is means to deal with fungal disease agents—will be available this year. Does this mean the use of more chemicals generally?

[Kratzsch] No, because we carry out therapeutic rather than preventative plant protection. Accurate land and stock management increasingly allows us to provide the crops with only the absolutely necessary anorganic fertilizers and other agrochemicals. We do have scientific standard values for all of these, and they are very strict indeed.

No Bad 'Fathers'

[LAUSITZER RUNDSCHAU] Karl Marx said that the farmer must treat the soil like a good father in order to improve it and thus hand it on to the next generation. What must we do to be "good fathers"?

[Kratzsch] I would not only appeal to the farmers, because I consider the preservation of the land our supreme concern. Our land area is limited. We must, therefore, use every square meter and reclaim all land no longer used by mining. Your district is particularly affected by this aspect.

Yields are one reflection of soil fertility. Here we have done a lot and need not be ashamed of our efforts. Grain yields have risen by almost 100 percent in our generation. This certainly contradicts those who assert that soil fertility is destroyed by intensification. Viewed from this angle, we are certainly not bad "fathers."

[LAUSITZER RUNDSCHAU] Nor perfect ones?

[Kratzsch] Of course some problems persist. We need to stop water and wind erosion. Important in this context are our programs for the provision of windbreaks to prevent the loss of arable soil. Moreover, copses around the fields are good for mother nature. Organic manures need to be better utilized. Losses in the circulation of materials are still unduly great. Remember the liquid manure that is sometimes applied far too generously. That does not serve soil fertility nor the environment. We will have to be more resolute in improving this situation, and obviously this will involve costs. Ecological problems are also coming to the fore. After all, the land is not only the basis of agriculture but also that of the natural environment in which human society reproduces itself. Economics and ecology can definitely be combined—they certainly do not represent irreconcilable opposites.

[LAUSITZER RUNDSCHAU] Rye cultivation is on the decline worldwide. Why do we in the GDR value this grain so highly?

[Kratzsch] A third of GDR land is sandy soil. With the exception of Poland, none of our neighboring countries have such a high percentage. On sandy soil, rye is the most efficient and the sole profitably cultivable variety of grain. We grow it on 650,000 hectares, 25 percent of our entire cereal area. That is the reason why we must definitely achieve the largest possible growth rates for rye on the same area of cultivation.

To Be Familiar With the Fields

[LAUSITZER RUNDSCHAU] Inspired by the cooperative farmers in Dahme, a mass initiative in agriculture is spreading in Cottbus Bezirk. The slogan runs "to be

able to do everything necessary for the grain." What do you include in the abilities needed to obtain the largest possible grain output?

[Kratzsch] First of all: This spirit of competition is highly commendable. After all, the planned yield of 11.6 million tons for 1989 is already equal to the quantity we harvested in our best years.

To achieve this target, it will certainly be necessary to deploy all our skills. One of the requirements is that of the farmer having to be a good field manager. He must be intimately familiar with his field. He must be aware that this or that effect results if he does—or does not—do this or that. This is a lot to ask. The farmer must also be a good manager insofar as the dates for specific work are determined by the crops, the process of vegetation. He must conform to this rhythm. If the most favorable conditions for a particular job occur at 15.30 hours on Saturday afternoon, he has to tackle that job. Of course he should also familiarize himself with scientific-technological advances. A great deal of information is readily available, periodicals such as *FELDWIRTSCHAFT* and *GETREIDEWIRTSCHAFT*, *agra* [farm exhibition] pamphlets and adult educational events.

[LAUSITZER RUNDSCHAU] You spoke of the need to observe the proper dates. Farmer Koch has another question, this one asking what you think of the possibility of making up for delays by sowing more seed?

[Kratzsch] It is a matter of principle that delays cannot be made up. Sowing more seed may lessen the loss of yield. Often, though, this amounts to a maximum of 33 percent and involves greater cost. The longer the time enjoyed by grain for completing certain processes—such as sprouting or the growing of side shoots—the better the development of the yield components of the ears and the grains in the ears. This cannot ever be achieved in any other way, because time is needed for specific developmental processes.

[LAUSITZER RUNDSCHAU] Many LPG's and VEG's in Cottbus Bezirk farm on light and sandy soil, remote from groundwater. Some cooperative farmers, for example Werner Stein from Schwarze Pumpe or Werner Handritschk from Hoyerswerda, would like to know whether they can expect new grain varieties that promise large and stable yields even in these conditions?

[Kratzsch] Our breeding efforts are indeed addressing this problem. A new variety, called "Borellos," was admitted last year, for example. This has quite some tolerance of dry conditions. Still, I consider the improvement of soil fertility a more important factor in the accomplishment of this task. A third of the adverse conditions may be compensated by the proper variety and production procedure, but even the best variety will not do well on pure sand.

[LAUSITZER RUNDSCHAU] What are the status and prospects for the cultivation of triticale, a cross between rye and wheat?

[Kratzsch] Last year we grew this crop on 5,000 hectares in the GDR. crop. Triticale is certainly a very interesting variety. At the borders of rye/wheat cultivation, its yields equal those of wheat. We should not, though, unduly speed up its spread, because triticale is meant to replace rye, not wheat nor winter barley. And on land best suited to rye cultivation, rye still yields more than triticale.

Fruitful Marriage With Practical Farming

[LAUSITZER RUNDSCHAU] The institute collaborates very closely with the LPG's of our district. What are the results of this collaboration?

[Kratzsch] Our institute maintains a test station in Herzberg, headed by Dr Hamann. This collective is responsible for research on grain production on light and sandy soil, specially in Cottbus Bezirk. We are maintaining a long and intensive collaboration with the Zaacko LPG in the field of corn and CCM [corn/cob mix] maize. Together with us, Zaacko helped in the production process for CCM maize, its adaptation to conditions in the GDR and its demonstration; moreover, it provided a significant impetus for the organization of its cultivation. We are also working closely with the Dahme LPG(P) [crop production LPG]. Developed there was a top yielding crop sequence. We are planning to establish a test base in that LPG. We think that we have made a good marriage there.

[LAUSITZER RUNDSCHAU] A "love affair" that goes back a long way?

[Kratzsch] Professor Dr Hellriegel, director of the Bernburg Institute's predecessor organization, had his first test station in Dahme. In 1870 he left from there for Bernburg.

[LAUSITZER RUNDSCHAU] You mentioned top yielding crop sequences. Something else that is new, since top yield conceptions have only been around a short time. What is the difference between these two?

[Kratzsch] In recent years and in cooperation between science and practical farming, we carried out the top yield conception and the top yield experiment on one particular field. Basically in this instance grain preyed somewhat on the forecrop and took little account of the aftercrop. It will now be necessary to consider this top yield concept within the framework of an entire crop sequence. The top yield field of potatoes is to be followed by that of rye and, subsequently, of maize. This does not contradict earlier practices; the top yield conceptions are not superseded but further developed.

GDR Agricultural Science Internationally Respected

[LAUSITZER RUNDSCHAU] How does international cooperation develop in the field of grain research in particular?

[Kratzsch] Our institute maintains very intensive international relations. We have contacts with all socialist countries. The "Miras" wheat variety, for instance, was produced by joint efforts of the Mironovka Institute in the USSR and Bernburg. The "Bermasil" maize hybrid is the outcome of work with partners in Hungary. Recently we have also developed cooperation with Western facilities, with the FRG and France.

[LAUSITZER RUNDSCHAU] What is the international reputation of GDR agricultural science?

[Kratzsch] We definitely have no need to hang our heads. In many fields our status is very good indeed. After all, if we had nothing to offer, we would not be able to maintain cooperation. We proceed in just such a manner, too, seeking partners with whom we may obtain maximum profits.

[LAUSITZER RUNDSCHAU] Is this cooperation concerned only with science?

[Kratzsch] Of course not. When we get together, we exchange points of view, discuss problems of peaceful coexistence and use every possible opportunity to express our standpoints. We thus get to know each other, and this contributes to the more accurate assessment of our capacity and goals and helps the removal of prejudices among some of our Western partners.

[LAUSITZER RUNDSCHAU] The FRG had a record harvest last year; whereas we did not do too well. How did this difference arise?

[Kratzsch] Last spring the situation looked just as good in the GDR as in the FRG and promised a very satisfactory harvest. The fact that we did not actually get one had some objective and certainly also subjective reasons. The most important objective reason was the lack of rain: In April/May 70 percent of our area had less than 50 mm rain. With the exception of western Lower Saxony (in other words on the border of our Magdeburg Bezirk), the FRG got more. As it is, the FRG gets an average of 150 mm more rain each year than we do. Moreover, the material-technical prerequisites for stock management there are very good. We also need to remember that the FRG has significantly less light soil, and the percentage keeps on declining as the result of ceasing cultivation of some land.

[LAUSITZER RUNDSCHAU] It is also well known that FRG agriculture is very efficient.

[Kratzsch] Yes, the compulsion to perform well is very strong indeed. He who does not obtain high yields simply

goes bankrupt. To escape bankruptcy, the farmer in the FRG is therefore compelled to achieve top yields. The contradiction then arises that he cannot get a good price for his produce, due to the large volume of imports from other countries.

[LAUSITZER RUNDSCHAU] What is the current role of grain?

[Kratzsch] Grain is a very important product in every country. If we were to achieve independence of imports—and I do not mean only us in the GDR but all socialist countries—our negotiating position would be much stronger. Due to natural conditions, more grain is produced in the U.S.A., Canada and other countries than they need for their own use. This should be further encouraged by good relations among the countries, by peaceful coexistence, because the world needs bread. Many people now are not able in their present developmental conditions to produce enough foodstuffs for themselves. Last year's drought resulted in enormous losses of output in the U.S.A. and Canada. We then had a demonstration of the fact that grain is used in the class struggle. Prices rose immediately, and especially those people who have little grain were exposed to tremendous economic pressure.

[LAUSITZER RUNDSCHAU] Comrade Professor, I thank you for this interview.

HUNGARY

Proprietary Reform Ideas Advanced

25000183a Budapest HETI VILAGZDASAG in Hungarian 25 Mar 89 pp 4-6

[Article by Marton Tardos, Director General, Financial Research, Inc.: "Thoughts About Proprietary Reform: Those Who Seek Partners"]

[Text] The bottom line to keep in mind as we search for a way out of our economic troubles is proprietary reform: at least this is the impression one gets from the program plans of the government and the various alternative groups. The background of these seemingly uniform positions, however, is hazy, for it is still unclear who the proprietors should be. In the article below Marton Tardos, director general of the Financial Research, Inc., advances some suggestions aimed at resolving this dilemma.

It appears almost self-evident why proprietary reform has become the central issue of today's social, political and economic problems. For through our own painful experiences we have all been forced to realize that the reserves of hierarchically organized forms of management supported by central planning and a central plan based on the elimination of private property, have been exhausted everywhere, from the Soviet Union to China. We have also had to face up to the fact that the socialist

reform models—from Yugoslavia, where the experimenting began before anywhere else, to Hungary—whose aim has been to combine the existing power structure and national economic planning with the market have merely altered the wasteful system of central plan based management, and have been unable to establish the preconditions for efficient economic growth.

The inefficiency of the reforms, in my opinion, has been due to the heterogeneous character of the central power. As a result of this ambiguity, society has so far been unable to provide the subjective conditions necessary for market-oriented management. By now it has become clear to the enterprise managers that without supplemental sources of capital and import possibilities, relying solely on monetary restrictions, the government will be unable to effect any significant structural changes. Today it is clear that the incredibly serious stagnation we are faced with has been caused by a lack of proprietors. In order to turn things around we need to have proprietors in charge of our enterprises' assets who do not permit the capital at their disposal to be continually used up.

There is no point denying: the task facing us is a difficult one for several reasons. First of all, making capital growth an independent and determining economic goal is contrary to socialism's system of objectives. Second, handing over our nationalized capital assets to efficiently managing but independent proprietors would significantly curtail the power of the centralized party and state. Third, changing the proprietary forms that had evolved as a result of nationalization and the collectivization of agriculture must not run into any active opposition from wide segments of society.

Of the three difficulties mentioned, the first one is ideological in nature. In my opinion, today's decision makers are so detached from ideology that this argument could almost be ignored. And if on the basis of what I have said earlier we add to this the fact that the lack of clearly identifiable proprietary interests has led to such incredible waste that it has made development impossible, then we can safely say that today no one feels compelled to tolerate stagnation just in order to avoid getting into conflict with socialist ideology.

What appears to be a more serious problem, however, is that by transferring state-owned property into the hands of self-managing entities—i.e., the enterprise councils and general meetings—the leadership in power has already made significant concessions, hence it is uncertain whether or not it is ready to make even further "sacrifices." It is true that the emergence in 1984-1985 of new enterprise council and general assembly managed enterprise forms had also been prompted by management policies that had led the economy to a dead end. The probable reason why the political leadership at the time had decided to stress the importance of self-management forms was because it felt that the majority of

enterprise workers would directly support the decision. Besides, the new enterprise forms really did not impair the power of the state.

Having proprietors with a great deal of independent authority, however, would present an entirely different situation. For the central power such entities could be of much greater concern. Hence for us to be able to expect the party state to accept such a change before it itself withers away, there must be a serious social crisis and a high degree of social consensus supporting the proposal for proprietary reform. What is questionable, of course, is society's receptiveness to the idea of denationalization. There is reason to believe that only a few members of our society have taken unequivocal stands on this issue. Hence the real question often asked is not who and how many has supported nationalization and collectivization at the time, nor how many are satisfied with the existing economic system. The object of collective thinking may be to find the solutions that most of society considers workable for overcoming the problems of the economy. Presumably most people are sympathetic toward the idea of denationalization, or at least they do not reject it. There is one exception perhaps that may be worth mentioning. We have a group of managers who believe that they themselves could assume the functions of a proprietor. They are on the opinion that the reason why they have not functioned adequately so far is because the various state authorities, and later the enterprise councils and general meetings, have not allowed them to do so. This view, I think, is without merit. The only truth to the assertion—which of course cannot be dismissed—is that without independent and forceful managers the economy cannot be efficient. But if it is true that one of the criteria of economic management is capital recovery, then it also follows that the decision-making freedom of managers must also be defined within this context. A manager only does his job well if the capital placed in his care is recovered. His activities require professional oversight which when we come right down to it neither the self-managing bodies, nor the authorities of state control have been able to fulfill. Only a "pure" end proprietor can be capable of providing such control.

Also worth some serious meditation is the question of whether or not society can be expected to support a comprehensive reprivatization scheme the aim of which would be to transfer nationalized and collectivized capital to domestic and foreign sources of private capital. I happen to believe that the problem of foreign capital is the less serious of the two. The statements made in this connection have been clear. The country has gotten itself deeply into debt, hence it would be happy to have as much of its loan obligations converted into foreign capital acquisitions as it possibly can. As long as the country's economy remains stagnant, however, the interest expressed by foreign capital in our domestic enterprises will remain limited; moreover, the conditions for facilitating a necessary and healthy influx of foreign capital also have not been created. It would be an

important step forward if our foreign business partners could be assured access to domestic capital at a realistic price. We must also ensure, however, that the share of foreign capital in our national wealth is kept within acceptable limits.

The situation is more complicated in the case of domestic private capital. The complete nationalization of all capital assets has left the country without freely available funds for reprivatization. Those whose capital had been taken away without compensation are no longer alive; besides, their original capital has been so drastically transformed by now that if for no other reason, the classical route of returning one's property is no longer feasible. Furthermore, there is no one in our country with enough free-flowing private capital to acquire sizable shares of the state capital that currently dominates the market sphere. Hence what we need is a strategy for creating managing proprietors. Only such a strategy could serve as the basis of a realistic program of denationalization and proprietary reform.

Proprietors may be divided into two groups: end proprietors, and proprietors operating with the assets of others. End proprietors may include individual citizens, regional (city, village) self-administrative entities, economic organizations operating on the behalf of citizens (insurance companies, pension funds), and other, for example, cultural and health service organizations for which a foundation or other capital base has been provided. Also included in the definition of end proprietor is the state which has invested, and will continue to invest a portion of its earnings. Capital turnover will take place among end proprietors and entities operating on someone's behalf. In addition to qualified state organizations and institutional entities representing group interests, these may now also directly include private holders of capital who by expanding their existing assets will be able not only to buy and lease factories, workshop, and stores—by or without resorting to loans from capital-motivated enterprises—but also to invest in securities. The denationalization of state-owned assets in the market sphere and the realization of the necessary conditions for effective capital turnover can thus be relatively quickly achieved, creating an environment for the movement of capital—including a stock market—that lends itself to the needs of a market economy.

One question that still has not been decided is how rapidly we should move to establish the necessary level of interest in denationalization. Here we have as many as three options to choose from. First, the government could create some temporary demand by issuing certain types of bonds to be purchased by institutions representing various social groups (insurance companies, pension funds). By opting to receive special moneys, however, they must relinquish all claims to budgetary subsidies; in other words, they must agree—without the backing of formal or informal state guarantees—to use the capital thus generated to keep their activities sound and secure. The moneys earned from the purchase of shares could be

used to eliminate our state debts. Secondly, it is also conceivable that the enterprises turned corporations will eventually issue their own bonds to potential proprietors. They, in turn, will be able to convert those into full-value shares by using the dividends earned from the bonds for purchasing the shares at face value. And finally, there is another temporary, but easier to attain solution that does not even require the mobilization of the end proprietors. The government could transfer the capital intended for denationalization to state capital depositories; these competing institutions, in turn, could assume proprietary rights until such time as the new end proprietors "materialize," i.e., until there develops a demand for the shares they hold.

The ABC of Capital Management

Foundation: a monetary fund established for a specific purpose, the profit-generating investment of which is the responsibility of its board of trustees. The profits earned must be spent exclusively on fund related purposes.

State Capital Fund: the proprietor of the shares issued by state enterprises which grants administrative permits to a wide variety of capital management enterprises in exchange for a part of the dividends or stock options. The capital fund can also sell its shares.

Investment Company: organization operating with a small starting capital, specializing exclusively in the management of individual savings; it can employ a wide variety of risk sharing strategies (e.g., by marketing share packages or paying a fixed interest plus dividend.)

Insurance Company: buys and sells using its own funds; its investments have no predetermined purpose. It is interested exclusively in expanding its capital stock, and in guaranteeing the preservation of its value.

Holding Company: usually operates in the form of a stock company. In part, it fulfills the functions of a financial institution, while at the same time it also manages the assets of certain business groups, specialized branches and industries. In addition, it may also represent industrial policy, market policy and marketing interests that have been coordinated in the capital redistribution process.

Capital Depository: is designed to build capital by managing the assets of various proprietors. Its investments have no externally identifiable goals; its sole responsibility is to generate profit.

[Box p 5]

[Interview with Laszlo Antal, chief economic advisor to the government: "Re-Nationalization?"; date and place not given]

Having sat through several parliamentary committee sessions—where the subject of discussion was the first

draft of the proposed reorganization law intended to govern the formation of companies—it became clear to us that the deputies did not really understand what the purpose of a central capital fund was. This was also the question we put to Laszlo Antal, the government's chief economic advisor, for further explanation.

[HETI VILAGGAZDASAG (HVG)] There are rumors that you are planning to set up a huge super organization over the heads of the state enterprises, thereby legally sanctifying the budget's "reign of terror." Is this true?

[Antal] In the sense of creating a budgetary dictatorship, this is not true at all. What we are talking about is separating, both in theory and practice, the revenue and expenditure related tasks of the annual budget from the management of our state wealth. The latter function has two sides to it: revenues are generated by state assets, while expenditures are the results of state debts. I am not talking now about our foreign debts, but rather about a similarly sizable item—500 billion forints—which (owing to our annually compounding deficit) the budget owes the central bank. The capital ministry or capital fund proposed by our group of experts—which, incidentally, would be made up of not more than 8 to 10 expert advisors—would manage the state's capital. One of its, by no means negligible functions would be to reduce the debt burdening the state budget.

[HVG] What kind of capital assets would be included in this central capital fund? What does central capital management have to do with the changing of state enterprises into stock companies?

[Antal] The connection is easy to see: In the case of economic organizations operating in the form of different types of partnerships, the central capital fund would manage the state's share of the capital. And as for the response it can expect? I think that it could have the entire state sector at its disposal, including the capital holdings of state owned enterprises, public utility companies and the administrative sphere. Real business activity—resulting in state capital growth—of course, is expected primarily in the market sphere.

[HVG] Let us stop here for a moment: Are we talking about "renationalization" now? For as we recall, in 1968 and 1985 there were two very significant changes introduced pertaining to the management of state assets. Since 1968, our enterprises have been operating independently, and now you want to hand over their assets lock, stock and barrel to the state? The situation is even more peculiar in the case of collectively managed enterprises where the state has already transferred all proprietary rights to the collectives. Are they now going to have those rights taken away from them again?

[Antal] You are actually asking two separate questions. Your first claim, I believe, is really a pseudo problem. Everywhere in the world proprietors are free to dispose of their share of a given property, so why should things

be different in the case of state property?! The way I see it, proprietary disposal rights are not something that can be bought through amortization and tax payments. Let us not confuse taxes resulting from producer incomes which constitute the main bulk of budgetary revenues with dividends and allowances paid on the state's portion of the assets. As far as the collectively managed state enterprises are concerned, what they had been granted—contrary to popular belief—were not proprietary but management rights. Unfortunately, as evidenced by their performance during the past few years, they have—for many reasons—proven to be incapable of managing their operations as true proprietors; in fact, motivated by short-term interests they have diminished rather than increased the state wealth. Hence we would like to “renationalize” the collectively managed enterprises. This, however, does not mean that we want to see the restoration of the rights of the founding branch ministries. On the contrary: the responsibility of proprietary oversight over the state enterprises would be vested in the central capital fund, while legal control over them would be exercised by the registry courts.

[HVG] No one is even suggesting that perhaps these assets should be shared with the enterprises? Or for that matter, does anyone really know what the state's capital assets are worth?

[Antal] Naturally we need to strive for compromise, because we do not want the managers and collectives of our state-owned economic organizations to lose interest in reorganizing into a corporation. Indeed the first step would be to call in some foreign and domestic expert institutions and have them appraise the state's assets according to their market value. It would be this appraised capital value—state wealth—which would be registered with the central capital fund. If the enterprise in question does not wish, or is unable to reorganize into a corporation then it will only need to be registered. If, on the other hand, it does opt for corporation status, we will need to start thinking about how its assets are going to be divided. According to the draft reorganization law one of the first requirements of becoming a corporation is for the state enterprise to be able to sell at least 20 percent of its assets to outside partners. In principle, the remaining 80 percent share of the state's assets should be deposited—in the form of securities—with the capital fund. In order, however, to enhance the process of becoming a corporation, and to create a long-term interest in capital growth we need to make some compromises in this area. For example, by agreeing that the state would only wish to retain 20 percent of its proprietary rights. Or by returning a certain percentage of all state-held shares to the enterprises. We are looking at several options, but no decision has yet been made. I believe, that in order to generate long-term interest among management and the collectives we will need to allow them to retain a certain percentage of their shares, or at least they should be offered the option of purchasing them.

[HVG] What guarantees do you offer to ensure that unlike the ministry-state administration controlled system of guidance, the capital fund will operate truly on the basis of proprietary interests?

[Antal] One such guarantee will be the creation of a capital market. The capital fund, incidentally, is not a profit-oriented organization. Beyond serving as a registry, it works to increase the state's assets by selling its securities, or by transferring its stocks to various capital management organization, such as capital depositories, insurance companies and holding companies. These, in turn, will invest the capital according to various business considerations. The central capital fund will only receive dividends and allowances after its shares.

[HVG] Will there be a demand for the state-issued stocks offered by the capital fund?

[Antal] From what I have seen there has been growing interest on the part of foreign and [domestic] private capital in these securities, and the intent to buy in these cases is back up by real cash. The situation is different in the case of our newly forming capital management organizations. For them the central bank should offer credit at discount rates which they could use to purchase some of the state stocks. The moneys thus earned could be applied by the budget to reducing our debt obligations; at the same time—in order to prevent the effects of inflation from materializing—the central bank would immediately withdraw those moneys from economic circulation. Finally, the budgetary revenues resulting from dividends earned on state stocks would also enable us to reduce the personal income tax, which in turn would favorably affect both foreign and domestic interest in investment.

[Box p 6]

[Article by Gyorgy Matolcsy: “Who Wins Over Whom?”]

The question is: who should represent the “real proprietor?” The new, competitive proprietary model's response to this question has been to offer a wide variety of capital management institutions. They include investment banks, investment companies, and even certain enterprise management groups and small enterprise collectives. Any organization, in other words, that has at its disposal all of the important information necessary for running a particular business, or who can be said to have a great interest in capital growth. The “real” proprietors, for example, can take the stock portfolios of the large enterprise turned corporations and hand them to these capital management organizations with the following instructions: act on our behalves; appoint or dismiss the managers; determine what the enterprise's business policy should be; and decide over all strategic questions in which the real proprietor has a say.

What makes this kind of ownership competitive? The fact that the capital managers compete for the privilege of representing the capital holdings of the “real” end proprietors. This is also how the managers and management groups compete with one another for a chance to represent corporations. This competition may lead to the evolution of a new proprietary model in which businesses will take certain proprietary forms in accordance

with the respective profiles, geographical locations, volume of trade and the size of their assets. This kind of a balanced proprietary ratio, however, cannot be achieved from above even with proprietary reforms proposed with the best of intentions. Such balance requires a longer period to evolve, sometimes as many as several decades of proprietary development.

Will there be a transition from today's proprietary model to the new competitive model? According to one possibility, it should be a kind of slow osmosis. The reason why this does not appear to be a likely option is not only that in the meantime we may lose the remaining seals for our fish, but also because the old structure may from time to time attempt to turn back the process. Another proposal recommends a quick, centrally coordinated campaign-like transition. Since the state enterprise format has not worked out as many claim—let us make it mandatory for all such enterprises to reorganize into corporations or limited liability companies. The radicalism of this solution is appealing, but it is also where its main limitation lies: it wants to reorganize every important element of the existing proprietary structure in one stroke, which may easily cause it to get no further than repainting the store sign. This was precisely what we experienced at the time the new forms of enterprise management were introduced. The result was that with a few exceptions, the enterprise councils ended up serving as meek assistants to (or under) the previous management.

Finally, there is a third way which builds on the self-development of enterprises and businesses, accelerating the desired process with external shots in the arm, such as financial preferences. What this road promises is a gradual alignment among private enterprise, foreign business, cooperatives, partnerships and today's state enterprises. Instead of operating side-by-side as parallel activities, they will undergo a gradual proprietary integration. This new course of development could among other things allow even conservative enterprise managers and structures to "get a running start." If by becoming trustees, proprietors or managers they can find their place in the new competitive proprietary model, then they can be winners. In the opposite case, they must leave the scene.

The element of compromise in the proprietary reform is as follows: It offers every participant a chance to prove itself, provided that they choose to accept the new model. The chance of survival stemming from this opportunity to prove oneself may eventually also become the basis of political, social and cultural compromise and agreement

World Bank Grants Credit, Tightens Terms
25000139b Budapest HETI VILAGGAZDASAG in
Hungarian 25 Feb 89 pp 4-6

[Article by Katalin Bossanyi: "Structural Change Programs: Strictly Controlled Credit"]

[Text] Not only do product structures change, so does the World Bank. For example, in reviewing its lending

practices, it is now using Hungary as its test case. This is evidenced by the signing this week in Washington of another 140-million-dollar loan package between representatives of the World Bank and the Hungarian government. This latest structural change loan is the third in a series of similar credits, although it also contains certain new features in terms of its objectives and evaluation methods. This and other matters pertaining to the use of structural change loans so far is the subject of our selection below.

"We are not going to create any more white elephants," World Bank experts declared recently at a seminar in Ljubljana, held for the socialist countries and Laos. The statement also reflected some implied self-criticism, for—some notable exceptions notwithstanding—World Bank financed developments in the basic material producing sectors of this group of countries has not exactly been successful. "Concentrate on the processing industry," is the new slogan that would best describe the guidelines which the World Bank has been applying to Hungary already since 1986. Breaking with its earlier financing philosophy of focusing on large-scale national programs aimed at closing the infrastructural gap, the international financial institution has decided—here and now—to make industrial structure change, and the development of market conditions essential for effecting such a change, the main objective of its lending policy.

World Bank Programs (as of 31 Dec 88)

Program Name	Date of signing	Loan Pledged Called in Millions of Dollars		
Grains	1983	130.4	130.4	130.4
Energy rationalization	1983	109.0	105.4	99.1
Export development	1984	110.0	110.0	106.0
Hydrocarbons	1984	90.0	90.0	85.3
Integrated animal husbandry	1985	80.0	76.0	29.0
Fine chemical industry	1985	73.0	73.0	61.6
Transportation	1985	75.0	75.0	57.1
Power plant construction	1986	64.0	64.0	9.4
I. industrial structure	1986	100.0	88.4	59.9
Energy rationalization	1896	25.0	23.3	11.0
Plant growing	1986	100.0	98.0	61.2
II. industrial structure	1987	150.0	75.9	67.2
Telecommunications	1987	70.0	70.0	17.1
Agricultural industry	1988	70.0	5.5	5.0
Industry branch structure adjustment	1988	200.0	200.0	100.0
Technological development	1988	50.0	5.2	5.1
Total		1,496.4	1,290.1	904.4

In the last 4 years, Hungary has initiated 3 major industrial structure change programs with the help of the World Bank: presently, 65.2 percent of all investments in progress are financed from World Bank loans. The first began in 1986, with an offer of 100 million dollars to be

committed to the development of the chemical industry complex. That part of the loan which can be quickly called in—some 30 million dollars—has been used to finance existing imports, with a dual purpose. In part, it has served to cover materials and spare parts necessary for more modern production, and in part, it also aimed to strengthen import competition. Instead of having to compete, the participants in the program—5 large synthetics producing enterprises—were simply selected from above. The assumption was that if their technology and product structure became more modern, that would not only increase their direct export revenues, but would also improve the market opportunities of the biggest users, including the packaging industry, agriculture and the food industry and the public transport vehicle industry. This plan also involved the supply industries in that it was extended to tool making, quality control, the renewal of research and development activities, and the establishment of a market information data base. After lengthy preparation, the selected enterprises—according to the banks and the industrial ministry—are showing good results in implementing their development projects, even though it is true that compared with the projections of the plan they have fallen behind somewhat. Contributing to the latter problem, presumably, is the fact that the “group of five” has been handed the money on a silver platter, and that since in the meantime the domestic environment has become less favorable, they are finding it more difficult to come up with the additional funds necessary for continuing their development projects.

1987 marked the start of the second industrial reform program. This 150 million dollar package also included certain sub-branches, but this time the supreme authorities and the banks tried to “learn” from the experiences of past developments. Hence—as they say—they “went for the sure thing.” In developing the rubber industry, for example, the choice they were considering for awarding the loan was between Taurus and Taurus. The development, according to those close affiliated with the project—is progressing at a good rate: with the help of 32 million dollars in import-intensive investments, 10 target programs will be completed which within the next 5 years are expected to improve the enterprise’s hard currency balance by 83 million dollars.

The second package of the export enhancement program had hoped to build on the improving positions of the agricultural and food production machine industry. The enterprises “invited to dance” declined any of the 50 million dollar package: after lengthy studies and analyses, they quit the program one after the other. Their excuses sounded almost refrain-like: Due to certain regulatory changes they were unable to accept the strict terms attached to the loans; to make matters worse, the latest ruble regulations had artificially narrowed their socialist markets, a fact further aggravated by slacking domestic demand.

The third package of the program contained no branch or sub-branch related restrictions; instead, its 46 million

dollar background industry development credit was awarded on the basis of competitive bidding. And although enterprises have been complaining for decades about the eclipsing of their supply industries, there was still very little interest in participation. The hard currency requirement connected with the credit applications submitted to the banks and program management offices was 24 million dollars, of which only 4 million have actually been accepted. (Still under consideration are 18 enterprise applications, and another 20 have cancelled their loan contracts altogether.) Aside from the usual justification—i.e., that the economic environment has become more severe—this phenomenon also calls attention to certain industrial policy shortcomings. Particularly to the fact that it has become impossible in general to effect developments in the supply industry.

There are indications that the third industrial reform program, which is about to commence, really intends to learn from the failures of the past period. The 140 million dollar package plan made up of several sub-programs, will break with the earlier practice of “let’s just pick someone,” and will invite bids from the entire processing industry. At the same time, however, it will also tighten its requirements. One important and completely new criterium is that a delivery partner may also receive a share of the World Bank credit, provided that 70 percent of its products are sold to the exporting enterprise. Seemingly even more exciting is the second stage of the project which provides 8 million dollars for the development of small businesses and for subsidizing new business initiatives. It is complemented by an additional 13 million dollars, labelled as “contributions for offsetting the social costs of structural transformation” which, more plainly speaking, is designed to provide funds for the retraining of manpower released as a result of the liquidation of deficit producing enterprises and for the creation of new jobs.

All of this also means new responsibilities for the banks in charge of awarding the World Bank loans. In developing small businesses—given the inflexibilities of the Hungarian industrial structure, instead of automatically drawing a line at the 60 worker limit, they proceed from the profitability of the activity, and also try to take advantage of the new opportunities offered by the partnership law. In the case of small businesses, loans now may also be awarded for such non-processing industry related purposes as industrial services, marketing, market research and planning.

Also noteworthy is the fact that the World Bank loans are extended to the banks for a period of 15 years, and they have a maximum of 3 years to allocate them to small businesses. It is in their interest, therefore, to turn the money over as often as possible. In addition, under the new conditions the bank is also taking chances, for it must bear the consequences of any incorrect decisions. Presumably, most of the job-creating developments will be effected in those regions that are the most seriously

threatened by structural unemployment, including Borsod, Komarom and Nograd counties. (In Borsod, they have already set up a regional retraining center for those laid off from the metallurgy industry.) On the basis of the World Bank's recommendation, they are working on a uniform and simplified procedure for judging the merits of investments targeted at the creation of jobs. According to preliminary calculations, the creation of a new work place must not cost more than 500,000 forints. Local subsidies for new jobs may not exceed 30 percent of the total development cost. In the case of small businesses, for example—where World Bank credit cannot exceed 50 percent—the financing of a 10-million forint development may involve 3 million forints in local subsidies and 5 million forints in credit. In other words, 2 million forints of a business' own capital can generate five times that amount in investment capacities, provided that there is enough manpower in the region to carry out the developments.

All of this clearly shows that in order to generate an interest in structural change, the providers of credit have also broken with their traditional industrial policy orientations—i.e., external and from above—and that from now on they intend to leave the speed of change mostly up to the market place. At the same time, on the initiative of the ministry of industry, 5 million dollars have been allotted for foreign consultative and profile analysis studies (aimed at helping to secure new structural change loans.) These commissioned studies may very well show, that it is no so much money that we are short of, but ideas.

[Box p 4]

[Interview with Gyula Szegedi, head of main department of the Hungarian Credit Bank: "Watchful Eyes"; date and place not given]

Although World Bank loans are received by the state, i.e., by the central bank, today there are as many as 14 commercial banks and specialized financial institutions authorized to handle their allocation and management. Most of the World Bank loans are serviced through the Hungarian Credit Bank [MHB]. To find out more about the manner in which those loans are financed, we went to ask Gyula Szegedi, head of main department of the MHB.

[HETI VILAGGAZDASAG (HVG)] What are the terms at which the Credit Bank extends a World Bank loan to an applicant?

[Szegedi] The terms are extremely strict, which I think is a virtue, for this way only enterprises that are eminently qualified and capable of meeting the requirements of the world market can have access to these loans. There is only one drawback to the World Bank's normative standards: it does not take into account certain branch and profession specific characteristics. Our credit review procedures are in full accordance with the requirements

of the World Bank. In assessing the creditworthiness of an applicant enterprise, our minimum qualifying requirement is that the ratio between the sum of the loan requested, and the enterprise's own assets cannot be greater than 65:35. We require that the applicants provide us with pertinent data going back to 3 years before the development is projected to begin, to the date repayment is scheduled to commence. The development projects are expected to yield a rate of return of 18 percent; this is subject to annual reviews by the World Bank. Also strict are the export return indicators: in the case of direct exports—i.e., if 30 percent of the surplus revenues are earned from foreign sources—the net foreign exchange returns must be realized within 5 years.

[HVG] How does the Hungarian Credit Bank obtain World Bank credit, and what conditions does it set for passing that credit on to the selected applicant enterprise?

[Szegedi] The central bank credits received in 1988 from the World Bank were extended to us at an interest rate of 12 percent to which we added a 1.5 percent incremental interest. Last fall, the Hungarian National Bank raised the refinancing interest on World Bank loans to 14 percent; this we passed on to our customers.

[HVG] According to this year's credit policy guidelines, every 1 forint of World Bank credit is automatically matched by the central bank with a 65 filler domestic credit. Has this made things easier?

[Szegedi] I would say that if anything, it has made things harder for, for last year, the central bank attached no restrictions to the refinancing of foreign credit requests tied to World Bank loans. This is also why getting the loan took relatively little time; in fact, we were even encouraging competitive enterprises to include any connected development plans they might have in their World Bank credit request. This latest tightening has caused our bank to reexamine its own practices: from now on, we will have to be more selective—as will the different program management agencies—in our evaluation of credit applicants, and start supplementing World Bank loans with private credit.

[HVG] How much private credit can participants in the World Bank program receive?

[Szegedi] Very little. For the crux of the matter is that even where we determine that a development goal has good possibilities, the bank does not have unlimited credit funds to appropriately support it.

[HVG] Since structure change programs also impact on inter-enterprise and inter-trade developments, in such cases greater advantage should be taken of the time-tested method of collective financing.

[Szegedi] This is true, but only in theory, because none of the little banks have any money to lend either. The

Credit Bank, otherwise, is all for initiating collective financing, if for no other reason, because it also divides the risk.

[HVG] How do you ensure that the World Bank programs are adhered to?

[Szegei] We submit monthly or quarterly reports as specified in the World Bank criteria. When we see that someone is falling behind, we call on the enterprise to prepare an action plan.

[HVG] Don't you think that the domestic utilization of World Bank credits has been too slow?

[Szegei] The evaluation process itself is a rather bureaucratic and lengthy one. In addition, our domestic enterprises are having a difficult time getting used to the fact that in connection with a given development they must provide a complete self-analysis of their respective operations. The World Bank is not only interested in the feasibility of a particular development project, but also wants to learn about the enterprise's organization, its record keeping system, cost management, pricing procedures, quality control and management methods, separately analyzing its business policy and marketing strategies. And this is quite a tough test, as no enterprise likes to look into a mirror held up by others. There have even been instances of applicants who upon seeing the results of their profile analysis decided not to take out the World Bank loan. The slow utilization of credits is due to two different factors. On the one hand, the scheduling of investments is inevitably tied to our restrictive economic policy environment in which interest payments are paid to the World Bank only after developments that are already underway. It is a different question altogether, that indeed we have not taken full advantage of all of the World Bank credit available to us. And this should also serve as a warning to us; for it is not just the manner in which credit is utilized that characterizes an economy, but also its inability to take advantage of its available credit opportunities.

[Box p 6]

[Interview with Erzsebet Feher, director general of the Panonplast Synthetics Manufacturing Enterprise, and Ede Horvath, director general of the Raba Hungarian Railroad Car and Machine Manufacturing Enterprise; date and place not given]

How does the domestic environment view the utilization of World Bank loans? This was the question we put to the managers of two typical large-scale enterprises, Erzsebet Feher, director general of Panonplast, and Ede Horvath, director general of the Raba Hungarian Railroad Car and Machine Factory.

[HVG] How much World Bank credit has Panonplast taken out, and for what purposes?

[Feher] Of the first structure change package designed to improve the competitiveness of our country's synthetics industry we have received 12 million dollars. Using this money—augmented by a 100-million forint loan from the credit Bank—we have modernized the production and technological environment of some of our products that have enjoyed good and lasting market conditions. In addition—as part of the software requirement of World Bank credit—we have consulted a West German profile analysis firm, and with their help have introduced a new management, education, analysis and information system in our enterprise.

[HVG] Was it easy for you to receive the World Bank loan?

[Feher] No, it was not. It had been preceded by a good decade and a half of preparatory work. This was because in this project, too, the World Bank had conducted comprehensive analyses of our industrial branch, and also demanded that we work out a specific market and marketing strategy in connection with the proposed development.

[HVG] What is the current status of these developments, and what results can you show so far?

[Feher] In 1987, we had boosted the volume of our capitalist exports by 40 percent, and increased it again last year by another 60 percent, thus improving their profitability index to 22 percent. In each of those two years, the production volume of our enterprise grew by 10 percent. Presently, we are at the halfway mark of completing our machinery investments, and if everything works out, by the end of the year we will complete our reconstruction. Last year, we consciously slowed the pace of the program's implementation.

[HVG] Why?

[Feher] The introduction of the added value type of tax system has had a dynamic effect on the development of competitive enterprises everywhere in the world, yet in our country the general turnover tax levied on investments has had a penalizing effect on profitable developments. I consider this discriminatory! With 80 percent of the profits taken away—no matter how favorable our production results may be—any forward move on our part must be "carefully weighed." Not long ago, two more of our development concepts won World Bank approval, yet despite the fact that they both have sure "bonanza" potentials, we have decided against going ahead with the program. It does, of course, give us a sense of security to know that the World Bank money granted to us is there for our taking at any time.

[HVG] Why did Raba "quit" all the World Bank credit programs?

[Horvath] We were unable to accept the conditions imposed by the World Bank, and our domestic conditions also continued to deteriorate. Credit is extremely expensive: even machine factories of good market potential can—in my opinion—compete with predatory interest rates, general turnover taxes unjustifiably imposed on investments or the unrealistic 18 percent recovery index.

[HVG] What, from among the World Bank conditions, did you consider unfair?

[Horvath] In one of the French papers they had an article published about us. As they reported: Raba was struggling with economic difficulties, hence they decided to turn to the World Bank for help. Yet this was not at all the case. Although we do have some problems, we are standing our ground. I also questioned the validity of their suggestion that as part of our effort to upgrade our chassis production we subcontract 8,000 units to the private sector. This would be impossible since we operate with a closed technology which is effective only if kept intact as an integral whole. Moreover, in the area of agricultural machine and engine development, they did not think that our CEMA orientation was in our long-term interest.

[HVG] What you are saying then is that Raba is abandoning its development plans?

[Horvath] On the contrary. We have found more flexible partners. We have formed a joint enterprise with the West German MAN firm for the purpose of developing a new engine, but we have also received some extremely favorable inter-firm credit offers from the Japanese. The modernization of our chassis production is something which we intend to accomplish by way of leasing. As to the modernization of our line of agricultural machines we must indeed give it some further thought. If our markets continue to narrow, it might eventually be wise to start gradually withdrawing from this branch of business.

Government Eases Strike Law; SZOT Still Dissatisfied

Revisions Published

25000122c Budapest NEPSZAVA in Hungarian
3 Feb 89 p 5

[Article by Robert Gal: "Debate on New Draft of Strike Law"]

[Text] The draft of the new strike law has already been published in the press. This has elicited sharp responses, and numerous proposals have been received that have been used in the preparation process. As a result, the draft has been modified to a significant extent. The government also considered the draft recently, which will be presented to Parliament at its next session. They agreed—recognizing that many demands of social organizations are justified—that the debate should continue. As we again publish a revised draft, our request is

unchanged: we will be happy to receive all observations and recommendations, and we are also ready to implement them. Our goal in publishing this draft is also that the debate should continue within a realistic framework and not be concerned with imagined or assumed rules. (Recommendations and observations may also be sent to the independent workers' rights division of the ABMH [State Wage and Labor Affairs Office]) State Wage and Labor Affairs Office

Recommended Strike Law

Section 1

Version A

(1) Within the framework of their employment relationship and in order to protect their legitimate interests, workers are entitled to the right to strike under the conditions defined in this law.

(2) In the exercise of the right to strike, employers and employees must work together. Abuse of the right to strike is prohibited.

Version B

(1) Within the framework of their employment relationship, in order to protect their legitimate interests, workers are entitled to the right to strike under the conditions defined in this law.

(2) In the exercise of the right to strike, employers and employees must work together. Abuse of the right to strike is forbidden.

(3) This law insures the right of a trade union to initiate a sympathy strike, in which case previous agreements may be ignored.

Section 2

Version A

(1) A strike may be initiated by a trade union if the matter in question has not been resolved within seven days by the conciliation procedure (Labor Code, section 66/A).

(2) During the time mentioned in paragraph (1), a strike may be held on one occasion, but the length of such a strike is not to exceed 2 hours.

Version B

(1) A strike may be initiated by a trade union if the matter in question has not been resolved within seven days by the conciliation procedure (Labor Code, section 66/A).

(2) If a strike is not initiated by a trade union, it must be decided on by a majority of the workers affected in a secret ballot.

(3) During the time mentioned in paragraph (1), a strike may be held on one occasion, but the length of such a strike is not to exceed 2 hours. In initiating this kind of strike, the condition mentioned in paragraph (2) may be ignored.

Section 3

Version A

(1) A strike is illegal if: a) if the provisions of sections 1-2 have not been observed, b) in the interest of goals that conflict with the constitution, c) in opposition to steps taken or not taken by the employer in regard to matters that are within the jurisdiction of the courts to decide, d) during the time a collective agreement is in effect, in the interest of changing provisions of the collective agreement,

(2) There is no provision for strikes against the system of justice, in the armed forces, or in police organizations. The right to strike in governmental organs may be exercised in accordance with the peculiar rules contained in the agreement between the Council of Ministers and the trade unions.

(3) There is no provision for strikes that might directly and seriously endanger life, health, or safety or might interfere with the prevention of gross damage.

(4) In the case of employers that perform services directly affecting the public—in particular public transportation, long-distance communication, and the supply of electricity, water, gas, and other sources of energy—a strike may be initiated or held only if it does not interfere with basic service. The amount and conditions of such basic services are to be the subject of a prior agreement.

Section 4

(1) During a strike the opposing parties shall conduct further negotiations in order to resolve the outstanding questions, and they are obligated to see that people and property are protected.

(2) Participation in a strike is voluntary; no one may force another to participate or refrain from participating. Forceful methods aimed at ending a strike may not be used against workers who do participate.

Section 5

(1) Determination of whether a strike is legal or illegal is within the jurisdiction of the Labor Court.

(2) The Labor Court shall make its decision within 5 days through a non-judicial procedure, after hearing testimony from the parties involved, if necessary.

Section 6

(1) Initiation of or participation in a legal strike shall not be regarded as a violation of obligations arising from the employment relationship; accordingly no measures can be taken against the worker.

(2) Workers participating in a legal strike—with the exception mentioned in paragraph (3)—are entitled to the rights that arise from the employment relationship.

(3) A worker cannot claim wages for time lost or other payment for work not completed due to a strike.

(4) In regard to social-security rights and obligations connected with labor relationships, the social-security regulations shall be in effect, with the provision that the period of a legal strike shall be counted as time in service.

Section 7

(1) This law shall take effect on the day of its proclamation.

(2) The following paragraph (5) is added to section 70. of regulation number 18 of 1979 regarding execution of judgments:

“Section 70. (5) Funds placed in the strike fund of a trade union are exempt from seizure.”

Justification by ABMH [State Wage and Labor Affairs Office]

The recommendation for rules relating to the right to strike and for holding a strike are made in harmony with the International Agreement on Economic, Social, and Cultural Rights and with other international agreements ratified by the Hungarian People's Republic.

The recommendation starts from the position that in the interest of the stability of the social and economic order, a strike can be used as a last resort. For this reason it defines the conditions for a strike and the procedures that must precede a strike.

The recommendation, in keeping with the subject matter and in harmony with international practice, touches only the most general questions, since regulating in detail would necessarily lead to problems in legal implementation. Questions not resolved here (for example, the method of documenting a secret ballot, formation of a strike committee to protect people and property) the appropriate procedures can be worked out by employers' organizations and trade unions in detailed internal rules governing the exercise of the right to strike. And the proposal does not exclude the possibility of a collective agreement regarding strikes being reached between the employer (or organization representing the employer's interests) and the trade union.

The question of strikes is also touched by some other regulations. So behavior exhibited during the course of a strike may turn out to be a crime or misdemeanor. An illegal strike may involve responsibility for damages that occur, which in the case of trade union will be covered by the Civil Code and in the case of workers by the Labor Code. A strike fund may be set up in accordance with the operations by-laws of a trade union.

Re Section 1

The right to initiate a strike serves to promote and protect the economic and social interests of workers. Starting from this point, the proposal insures the right to strike in defense of their legitimate interests affected by the employment relationship. This means that the right to strike can be exercised in opposition to measures taken or not taken by employers. However, the proposal does not exclude the possibility that steps might be taken in those areas—such as budgetary decisions—that affect worker's employment through state decisions. In harmony with the general regulations of the Labor Code, exercise of the right [to strike] may only take place in a proper manner; abuse of the right to strike is forbidden.

Version A

The draft forbids sympathy strikes, because they can lead to significant harm to an employer who has no power to remedy the situation that caused the strike. At the same time, other expressions of sympathy (for example: demonstrations, protest meetings) are available.

Version B

The proposal, in harmony with international practice, guarantees the right to strike in sympathy. Since this kind of strike can cause harm to an employer who has no power to remedy the situation that caused the strike, a special assurance that the strike is justified is called for. For this reason, it can only be initiated by a trade union (if version B of section 2. is adopted).

Re Section 2

Version A

The right to strike belongs to the workers, and the proposal gives the right to initiate a strike to the trade unions. This is to insure that the strike is legitimate. At the same time, in the case of employers where no trade union is in operation the highest trade union may initiate a strike.

Version B

The proposal assures the right to initiate a strike both to groups of workers and, separately, to trade unions. In this case, however, in order to hold a strike a majority vote in a secret ballot by those affected by the demands is required.

A strike is the last resort to be used in defending the interests of workers. For this reason, it can only be initiated if previous conciliation procedures have not produced results within 7 days (section 2, paragraph (1)). Sympathy strikes are an exception to this.

The proposal allows one strike of at most two hours during the conciliation procedure as a tool to promote conciliation. The general conditions for strikes apply (for example, this kind of strike may not be held in the case of employers where strikes are not permitted or who come under the provisions of sections 4-6 of the proposal).

Re Section 3

In harmony with international practice, the proposal defines the purposes and cases for which a strike is illegal (section 3).

Strikes cannot be regarded as permissible—in agreement with international practice—for the justice system, nor for the armed forces and police organizations. The nature of the right to strike for employees of governmental organs is peculiar, because of the nature of their employment relationship, and requires a separate regulation based on an agreement. If such an agreement is lacking, a work stoppage against the organs affected may not be initiated. It is also necessary to preclude the possibility of a strike if it would endanger life or health (for example those directly involved in preventing dangers to public health and in their emergency services) or interfere with prevention of major disasters (for example, flood control).

Further, the proposal limits the right to strike against employers that provide essential services to society (for example, public transportation, energy supply, long-distance communication). This list is given only by way of example, and in some cases other activities (for example, supervision of children in nurseries and schools), might be added to the list.

In these operations and services, care must be taken that an adequate level of service is maintained. Paragraph (4) of section 3. does not give a complete list in this regard. The concept of an "adequate level of service" is not defined in the law; in case of a dispute the courts can decide on the basis of circumstances.

Re Section 4

The parties are obligated to negotiate even during a strike.

In addition, during a strike the participants must insure—in cooperation with the employer—the safety of people and property. However, this obligation does not include keeping up the employer's usual operations, except for the continual operation of those systems that if interrupted would cause irreparable damage. The

recommendation does not propose special sanctions in case this obligation is not observed. But if violation of this provision turns out to be a criminal offense (for example, sabotage), criminal penalties still apply, even though the strike was otherwise legal. This applies also to the obligation to repair damages.

It is illegal to violate the voluntary nature of a strike. Any action aimed at forcing people to join a strike would be considered violation of the voluntary nature of a strike.

Re Section 5

The proposal gives the Labor Court jurisdiction to determine whether a strike is legal or not. No time limit is set for such a petition, so it can be made at any time during or after a strike. The court will decide on the petition in a non-judicial proceeding. This means that it does not hold a hearing, but if it feels it necessary, it can order the parties to be heard or to submit other evidence (section 5, paragraphs (1)-(2)).

Re Section 6

Exercise of the right to strike—while observing the conditions specified in the law—is a right belonging to workers, and for this reason it cannot be regarded as breaking an employment relationship. Consequently, no harmful measures may be taken against a worker on account of a strike (section 6, paragraph (1)).

If follows from the above that a legal strike does not affect benefits that arise from the employment relationship (for example the time counts as time worked). The right to receive wages and other benefits for work performed (for example, reimbursement of expenses) is an exception to this; no legal claim for such payments can be made in fact. The proposal does not, however, exclude the possibility that participants in a strike might receive payments on the basis of an agreement.

Keeping in mind that the time of a strike counts as time worked, a worker is still insured according to the social-security rules. On this basis, child supplements are still paid; but sick pay is not due when wages are not being paid. The duration of a strike is to be counted in the total length of service of a strike participant.

Re Section 7

A guarantee of the appropriate exercise of the right to strike is the fact that a trade union's strike fund is exempt from seizure.

In order for this to take effect, a modification of regulation 18. of 1979 regarding seizures is necessary.

[Box p 5]

Disagreement of SZOT Department Head

After a long series of debates and negotiations between the SZOT [National Council of Trade Unions] and government labor officials, which have still not been concluded on a few questions, the draft law on strikes will soon be presented to Parliament. Arguments and counter-arguments have clashed here and there regarding legal guarantees of the right to strike as the ultimate means of resolving conflicts of interests, financial consequences arising from a strike, the system of collective bargaining, and many other things. We spoke with Attila Hajdu, a SZOT department head, about current questions in the work of codifying the law.

[NEPSZAVA] Which questions are still open between the SZOT and the ABMH?

[Hajdu] The concept of a "strike" had been debated throughout and it is still being debated. The justification attached to the draft law goes back to the old formulation that sees a strike as some kind of means of defense against an employer, that is, if something is harmful to a worker, a strike can express his dissatisfaction. It is our opinion that in an economy that is critically based of freedom of agreements and on discipline, a strike can force an employer to make new agreements or modify existing ones.

[NEPSZAVA] What is the definition of strike accepted by the trade unions and used internationally?

[Hajdu] A strike must be preceded by a developed system of conciliation of interests. At the present moment, we understand by this the rights and the cooperation of trade unions, or the possibility to speak up, and those conciliation forums that exist only at the summit level. The government, the employers, and the trade unions need a strike law that is based on a developed and detailed conciliation of interests. For me must see that the rights of workers and trade unions are only worth as much as their ability to force something. This force can come about through legal means, such as with traditional trade-union rights, because if someone ignores it, his actions are invalid.

[NEPSZAVA] What is the debate about?

[Hajdu] The debate is about the definition in the draft law, according to which workers have this right within the framework of their employment relationship, which some people interpret narrowly, others broadly. It is the opinion of the SZOT that workers have the right to strike in order to defend their economic and social rights connected with the employment relationship. Perhaps this expresses better the real concept and content of a strike.

[NEPSZAVA] There is no country in the world that does not limit strikes by some legal means.

[Hadju] Not only the state, but employers' organizations and the trade unions are interested in avoiding strikes, because for them the important thing is that their demands and interests be achieved. In this debate the government does not want to limit the right to strike at all costs, but would like to give a certain framework and guarantees for exercise of this right. Naturally the framework and conditions in which it prevents strikes makes a difference. In fact, the trade unions, including the alternative unions, agree that collective bargaining must precede a strike. The draft law prescribes seven days for cooling off and for the conciliation process.

[NEPSZAVA] The other great question that is unresolved, and our paper has written about this, is that there is no agreement between government labor officials and the SZOT about sympathy strikes. Why does the SZOT persist in this idea?

[Hadju] We should actually admit that there has been a certain amount of progress in the present draft, because the draft law allows sympathy strikes if they are announced by a trade union. If a workers' association is involved as the initiator, then it is not allowed. Why are we insisting on sympathy strikes? Because this right is insured in the present legal situation, but the framework has not yet been regulated. Therefore there can be differences in point of view on this.

We stated in a national trade-union meeting that the operation of trade unions should be characterized by consensus and solidarity.

[NEPSZAVA] A debatable question is who should pay for employees' losses during a strike. What is the SZOT's stand on this?

[Hadju] A great change has take place in this draft as compared to the earlier one. The previous draft said that in case of a legal strike a worker cannot initiate a suit in labor court concerning wages. That means a worker can demand payment for lost wages in the bargaining process, but he cannot enforce his demand through a judicial process. In the present draft law he cannot demand wages in a legal strike. This is a very restrictive measure, for what happens if a strike is caused by an employer's offensive behavior?

Parties Criticize Law

*25000122c Budapest NEPSZAVA in Hungarian
7 Feb 89 p 5*

[Article: "Strikes Must Not be Hindered by Prohibitions"]

[Text] Several democratic trade unions and alternative organizations and parties held a press conference on Monday at the Kossuth Club in opposition to implementation of the strike law.

Among other things, it was stated at the press conference that the spirit of agreement between the government and the MSZMP [Hungarian Socialist Workers Party] that has been so loudly proclaimed is missing from the draft law on strikes and also from the work of its preparation. A nation of laws should insure exercise of the right [to strike].

The present concept of the strike law is not up-to-date for the reason that an international agreement, which Hungary has joined, states that strikes are legitimate even when no special law regulates or permits them.

Strikes must be prevented not by prohibiting them, but by making them unnecessary. The participants expressed the opinion that those united in opposition to the strike law do not want to work out a detailed counter-proposal in the form of a draft law. Instead, those present recommended that the Labor Code be replaced by passage of a law on economic relationships. They then stated that steps are being taken against the strike law not in order to strike, but so that they would not occur.

Larger Context of Construction Firm Bankruptcy Revealed

*25000122a Budapest NEPSZAVA in Hungarian
1 Feb 89 p 5*

[Article by Irene Szabo: "Still the VAEV Story: The Captains of a Sunken Ship"]

[Text] During the past few days the coordinating committee entrusted with the work of liquidating the VAEV [Veszprem County State Construction Enterprise], which went bankrupt in 1987, dissolved itself. A total of 500 million forints was realized from sales, which means that there was 50 million forints more than the claims of the known creditors. Of course the cost of the bankruptcy was high. In reality it is impossible to say how high, for the real losers were the workers. A large operation had collapsed in Veszprem county, and this collapse not only removes the soup from the tables of 3000 families in a material way, but in other ways as well. The image of a great operation has fallen to dust. A sunken ship has taken with it to the depths the hopes of the people. Explanations of the sobering blow have been heard, according to which there can be no more central relief. May the devil take it all! All unprofitable operations will have a similar fate, because the Hungarian economy will not support such unviable organizations.

Chance brought me in contact with a person who had filled various leadership positions with VAEV over a period of 15 years, until in 1982 he received an offer and asked to be transferred. Jenő Klein is now general manager at VEMEVE. His story not only provides a background explanation of how the enterprise ended up in the dishonorable state of bankruptcy. The following shocking narrative also sheds light on the general state of our economy.

The Alarm Sounds

I was a regional chief contractor in 1972 when I became head of the production department. That is important, because as soon as I got to VAEV headquarters I witnessed the dismissal of the former general manager, which the local party secretary had cleverly arranged. A new boss came in, straight from the "genius factory." He wanted to prove something. He accepted so much work that confusion and panic reigned every day. He did not evaluate the consequences of agreements forced on the enterprise. He wasn't strong enough. Fixed wages came. And then came demands for contract modifications. Our financial situation was considered by the executive committee of the county party. I was there, and I even spoke. I got a good scolding. Why? Because I said that what we are doing is not enterprise policy, and without that there will be big troubles.

I was called a stormy petrel. And nothing was of any interest. Representation went out the window. The fun went on and on. I felt worse and worse. And when I finally finished construction of the housing factory in 1974, I asked to be replaced. I wanted to return to physical work. They didn't even invite me to the dedication ceremony. The establishment brought in a chief industrial engineer from Gyor. I wasn't allowed to touch anything. The general manager kept me out of technical development. That was not my area. I went to work to drink coffee. I started to get upset. I made a new request to be assigned to a reinforced concrete brigade. But they did not allow it. Why didn't I quit? Because I was born here, I started my career here, and I seriously believed in the importance and strength of the great operation.

And while I didn't do anything, I couldn't do anything. In 1975 I had a vascular spasm in the brain. I really was saved from destructive inactivity by a collective farm that gave me some part-time contracting work.

One Powerful Word Took Care of Everything

In 1976, when the signs of collapse were already howling, the VAEV was preparing for a great event. They were expecting the then minister of construction, accompanied by the first secretary of the county party committee. They fixed up the place, but perhaps the two great men had some slight suspicions of danger, because they noticed me and offered me a position as chief technical-development engineer. I was to go to Comrade X. in Budapest and reach an agreement with him. I felt I should not stay with this sinking ship a moment longer. But if I were to say no, they would make things impossible for me, and they would follow me. So there was no choice but to say yes.

But I made the stipulation that I should be in charge of all things that were interconnected, such as the enterprise, machinery, materials supply, etc. Because whatever that certain department head in Budapest promised

wasn't going to mean very much. This was proven also by the fact that the wages offered were reduced by a few hundred forints on my starting papers. Without a word being spoken I became aware that an alarm was sounding: if it is clear right at the start that there are fundamental problems with fairness, what will happen later? Well the lesson is simply this: solve everything yourself, then go to the ministry and thank them for their effective help. In 1976 they finally replaced the general manager. Obviously he wasn't clever enough to climb any higher. They named a new general manager, who fell ill within a few weeks and died. I was then 41 years old; thus apparently mature and experienced enough to accept the post of general manager. I confess the temptation was great. But perhaps just because the external and internal rottenness was so frightening, and also because I felt I lacked the ability to get a sufficiently large view of the situation, in view of the enormous problems, I thanked them for the offer and did not accept it. It was a fact, on the other hand, that for months I had the responsibility for everything.

The new boss arrived. He knew where my expertise lay. I came to the conclusion that this person could be useful to the enterprise, but one had to keep an eye on him. I mention as a point of interest that shortly after he was installed, the all the leaders of the enterprise met and put into an envelope their opinions of the new chief, with the intention of opening the envelope one year later. What I wrote did actually happen: The manager was running out of control.

Overextension went on without criticism. And even though the investors did not want to accept the houses, since they were not properly completed, they still had to, because one powerful word took care of everything. The first secretary of the county party telephoned and two thousand houses were turned over, six hundred of which had not yet been visited by the painters; you couldn't even get near them. In this madness I was only able to do one thing so that things would be in order technically. The general manager didn't even go out to see the houses. They showed him pictures of the "bright side" on a video in his office. And he certified with happy satisfaction that everything was going forward in the greatest possible order.

The enterprise would "undertake," that is, say yes to, impossible things. In 1979 came the "great year": VAEV earned the title "outstanding" on the basis of its achievements. Applause, handshakes. Here in Odvasko the department held a great festival day for the builders. An ox was roasted on the spit. People showed themselves off. The general manager was acclaimed as the brains of the department. His only partners were the minister and the county party committee. It is true that in 1980 there were 10 fatal accidents in the enterprise, and this should have been taken as a warning sign. Production was taken out of my hands, because I was always "finding fault." But it is also true that the next minister, as his very first

act, sought out the VAEV leadership with orders from the government. And the Libyan undertaking was not rejected. I note that it was not in fact Libya that sealed the fate of the enterprise, rather it was their own activities in Iraq that they had sought out themselves in order to gain favor with the highest people in the ministry.

One VAEV representative did market studies in Iraq for a year. And the great undertaking came to pass. They were to build 196 2-story homes. I only saw the plans. I knew that it cost us 11,000 forints per square meter to build housing in Bekasmegyer, so 20,000 in Iraq could only mean a loss. But that was not the most important. An army of money-seekers left for Iraq. There were some good experts among them, but that was not necessarily the criterion for selection. The comrades could choose Arab delicacies from an Arabic menu in Odvasko. Everyone went to the Arab lands, and of course each time the ships were unloaded the enterprise was honored with an automobile as a "constitutional expense." The housing factory did not live up to its promises. Requirements and production were reduced. The only thing not lacking was mindless stupidity.

'We're in the Big Time'

In 1981 I spent a 3-week summer vacation with my family in Agard. When I returned, the enterprise had been reorganized. New divisions had been created, and nothing really belonged to me. "Well, what do you think?" asked the general manager. "Obviously you want to become a managing director," I said. Well, that was the best idea in the world. I walked out of quite a few staff meetings, because I couldn't tolerate the continual "Yes, chief," and "You're right, chief." I was really sorry that this person, who had been blessed with certain qualities, had completely lost his self-control. He had become a typical Hungarian enterprise leader.

He had become one to whom the only important thing was: What does the minister want to hear? What does the first secretary of the county party want to hear? He would get wind of what tasks the leaders in the area had received from higher up, then he would approach them and offer his services, but as if it were his own idea. He became the model of the "tireless" leader, one you can depend on. And he was one of those few who addressed the big bosses by their Christian names. Leaders like that lived and live for that. I must say that to a certain extent even today the social structure and economic regulation reward this too.

The socialist regulatory system is based on the "maneuver." And in this structure it is possible to get wages without being productive. If a person knows where to apply and what to do to get a little money, he has a winning situation. If someone knows what will bring a little subsidy into the kitchen, he is a hero. If someone is

clever and sets up a corporation, he doesn't have to pay taxes for three years. He doesn't have to do anything else or anything better, he still gets more money.

Then there is the megalomania of our leaders. You can imagine all the things that VAEV purchased. They had a container, a summer resort, and supplies. Of course that is not the problem, but the fascination that sticks to everyone, that "we're in the big time." This can happen to a worker as well as a union secretary or the editor of the plant newsletter. Magnanimity on the part of leaders is a 2-edged sword. For if no one on earth speaks up when people loaf, and at the same time everything continues along the lines of lax morals, whatever is permitted at the top in greater things will naturally be allowed down below in small things. People follow role models.

But the model in the construction industry has led to the situation where in this industry only about 20-25 percent know what workers used to know. The others don't even know the difference between horizontal and vertical. They are not interested in whether doors and windows can be opened and closed.

This model is perhaps the most dangerous. For the worker sees that if someone takes materials from the enterprise, he pays for four and gets eight. He also sees that the big bosses send out brigades to build their summer resort. Or he hears that the chief comrade gets a free piece of land in Balatonkenese. Or the fact reaches his ear that the county officials had purchased a villa worth several million for 120,000 forints. The worker then sets aside some tiles and says to the chauffeur, "Buddy, take these home for me." The chauffeur nods in agreement, it's on his way, anyhow, and someday the favor will be returned.

Thus step by step a general morality is developed, and naturally one individual worker can do nothing to change it. Only together and nationally. The other day I was struck by the new American president's statement. He spoke on the occasion of the formation of his government and told his people he was asking them to be very careful about the morality of their work. When all is said and done, however, it is my opinion that as long as there are and will be privileges, nothing will ever be in order here. And as long as cognac flows, hogs are slaughtered, and the comrades get whisky and Marlboros at 4th-class prices in even a single manager's resort, and the personnel, or in other words, the workers, see it, you can hardly talk about morality.

It is true that things will never be in order as long as members of parliament only vote on income, that is, taxes, and have nothing to say about what appears in the expense column. I think we have two years to establish order in regard to these questions. Not more. For morality is the basis of social life.

Cooperative Land Redistribution: Majority Disapproves

25000183b Budapest HETI VILAGGAZDASAG in Hungarian 25 Mar 89 p 55

[Article: "Public Opinion Poll on Land Redistribution; The People Have Spoken"]

[Text] More than half of the population would not approve of a redistribution of cooperative lands, but one-third would go along with the idea—we have learned from a recent survey conducted by the Hungarian Public Opinion Research Institute (MKI). The survey, a condensed version of which is reprinted below, was first published—along with 12 other studies—in the trial issue of the institute's new periodical, entitled HANGSULY.

In connection with the MSZMP's agricultural theses which have also been discussed in the press, the most intense debate has been centered around the existing system of land ownership. In the MKI's survey on this issue, to the question "whether or not the creation of producers cooperatives in Hungary had been correct," half of those questioned responded affirmatively, and almost 40 percent gave a negative response.

Most of the respondents would not agree with the solution of dividing up the land brought into or acquired by the producers cooperatives (Budapest 50 percent, Gyor 55 percent, the villages 59 percent), and only one-third of them would approve of redistributing the cooperative lands (34, 39 and 31 percent, respectively). (The total number of respondents included 300 people in Budapest, 200 in Gyor, and 200 altogether in Deszk, Domaszek, Sandorfalva and Szatymaz.) Although only a minority saw a need for dividing up the large-scale farms, most people still felt that individual production and small farms were the more efficient and better functioning forms of management. Of the people asked to express a preference, in Budapest 40 percent, in Gyor 42 percent, and in the villages 40 percent thought that small-scale, individual production was more profitable—this view was particularly prevalent among young people, high school graduates and skilled workers. Twenty-six percent of those asked in Budapest, 37 percent in Gyor and 26 percent in the villages expressed a preference for producers cooperative based production, with most of the positive votes coming from middle aged individuals, people with little education and unskilled blue-collar workers. Many believe that the most ideal solution in agriculture is to have both producers cooperatives and private farms. (In Budapest 25, in Gyor 18 and in the villages 31 percent of the respondents felt this way.)

Sixty-four percent of those surveyed in Budapest, 71 percent in Gyor and 56 percent in the villages felt that if we had many more private farmers in Hungary, the country's economic situation would improve, and only a minority thought that it would show no change or would deteriorate. Given a growth in the number of private

farms, a similarly high percentage of the respondents expected an improvement in the quality of agricultural products (73, 77 and 63 percent, respectively), and a growth in agricultural exports (64, 65 and 62 percent, respectively).

Many were of the opinion that given an increase in the existing number of private farms in Hungary, the price of agricultural products would decline (47, 52 and 36 percent, respectively), but there were also many who said that a more intensive presence of private farms in agriculture would effect an increase in prices. The work of private farmers—the majority feels—would not only strengthen the country economically, but would also improve the morale of agricultural employees (67, 71 and 62 percent, respectively), and raise their living standard (65, 75 and 63 percent, respectively).

Civil Aviation Workers Union Formed

25000122b Budapest NEPSZAVA in Hungarian 1 Feb 89 p 7

[Article by "voksan": "Civil Aviation Workers Union Group Formed"]

[Text] In 1987 the average wage in transportation was 88,000 forints per year, but in civil aviation it is was 112,000. But airport workers, mechanics who service the equipment, are demanding twice the average wage in transportation, because of their responsibilities and the technical knowledge required. This was made clear at the session of the civil aviation group, which was formed yesterday within the KSZSZ [Transportation Trade Union Association]. Only between 2,000 and 2,500 workers would receive double the average transportation wages: those workers who work in the most important positions. At a joint meeting of union trustees of MALEV [Hungarian Air Transport Enterprise], the Air Traffic and Airport Authority, and the Aviation Authority, which exercises supervisory authority, Sandor Ragyanszky opened the debate and said that in addition to achieving its demands, the new group will also have the task of studying the relationship in wages paid in other countries between flight controllers and bus drivers. The chairman up to now of the branch's working committee stressed that increased wages can realistically be achieved in 3-5 years, mainly through expansion of freedom of financial action for enterprises. In the organizational and operational bylaws of the new group mention is made of improvements in living and working conditions and preservation of jobs.

It was stated in the debate that Hungarian pilots can also become members of the international pilots' association IFALPA, to which only Soviet and Yugoslavian pilots have so far been able to belong from the socialist countries. If the international comparison reveals that indicators of production are low in relation to the numbers of workers, then possible reductions will become unavoidable. Others mentioned, however, that

in the name of solidarity it is the task of the group to assist departing colleagues: perhaps through organizing retraining for them. The level of technical knowledge at MALEV is no better than it is nationwide; therefore—in our own interest—it would be important to take market relationships as a basis in setting the price of labor. Of course this requires that the price of goods would also be determined in relation to the amount of labor expended and not on the basis of fictitious models.

Bela Papp, first secretary of the KSZSZ said in his response: "If the economy turns into a market economy, then this kind of attitude on the part of trade unions is useful." The present step being taken by air transportation workers toward more consistent representation of workers' interests may turn out to be a leavening influence in the organizational changes now taking place. It is in every way an important part of the process that will conclude on 23 February, when a meeting KSZSZ national secretaries will put together its goals in a policy statement.

After the debate, the 183 delegates elected Karoly Schweder, a mechanical engineer working on MALEV's TU-154's, was chosen as president of the group.

POLAND

Aims, Methods of New Export Fund Detailed
26000435 Warsaw RYNKI ZAGRANICZNE in Polish
No 27, 4 Mar 89 p 3

[Article by Andrzej Budzinski: "Changes in the System of Financing Pro-Export Activities"]

[Text] The Export Development Fund [FRE], established by virtue of a statute on 15 February, introduces important qualitative changes in the system of financing for economic entities involved in export activity. The fund's purpose, described in the general rules of the statute, is financial assistance for entities that undertake ventures serving pro-export restructuring of production, as well as improving the efficiency of export production.

The qualitative changes involve primarily the means by which the foregoing goals are meant to be implemented. They are consistent with the general logic of systemic solutions currently being instituted in the national economy.

First, the fund is open to all economic entities regardless of the sector to which they belong. State, cooperative and private units that are prepared to increase foreign currency revenues from export production can take advantage of the fund's resources on an equal footing. The Export Development Fund's operation encompasses all entities to which the rules of the statute on economic activity apply.

Second, alongside equality of access to FRE funds, the statute clearly favors entities exhibiting initiative in

developing export production. Fund resources can be counted on by those units that undertake implementation of production restructuring programs that aim at increasing exports and improving their efficiency. This means that the fund's resources will be directed mainly to those economic entities that undertake activity on behalf of the development of profitable exports.

Third, the fund will carry out financing in a complex way by administering funds for restructuring export production, developing it and improving its efficiency, for promotional activity enabling economic entities to win over foreign customers, etc. FRE will also actively support pro-export modifications in the economy through acquisition of shares of enterprises that implement restructuring programs or through contributing shares in commercial rights partnerships.

The main sources of revenue of the Export Development Fund are:

1) Charges in financial imports from central funds. Adopted here is the principle that imports carried out by economic units for their own foreign currency funds, including those funds that are acquired through bidding, are exempt from charges.

The charges are calculated as the difference between the domestic price at which an economic entity conducting activity in foreign trade sells imported goods to a domestic consumer and the cost of the imports. The law provides that the minister of foreign economic cooperation may limit the collection of import charges to specific goods. This alternative was adopted in the draft of the law's executive order.

2) Import tariffs in foreign commercial merchandise revenues. On the basis of separate rules effective 1 January, a new customs tariff was introduced in commercial revenues which has uniform application to imports from the first and second payments levels.

3) Revenues from the sale by auction of convertible currency funds administered by chief or central bodies of the state administration. In accordance with the Central Annual Plan for 1989, part of the convertible currency funds that heretofore had been distributed administratively will replenish currency auctions organized by the Export Development Bank SA. Revenues from these auctions, arising out of a difference between convertible currency rates set at the auction and the official rates, will be returned to the fund's accounts in proportions established by the minister of finance in conjunction with the minister of foreign economic cooperation.

Additional sources of fund income will be dividends due to the State Treasury by virtue of shares in partnerships conducting activity in the field of foreign trade and revenue from the sale of these shares. It is also expected that the FRE will be financed by revenues from auctions organized for the purpose of selling certain goods

imported from socialist countries in connection with commercial protocols.

Some of the directions for disposition of FRE funds were mentioned above. They can be allocated for export credits, contributing shares in partnerships, acquiring shares and promotion of exports. A major part of the funds will be spent to finance programs for the restructuring of export production, steered toward improvement of the efficiency of exports. The legislature set the following requirements for these expenditures:

- The restructuring program should be shut off in a specific period, during which the economic entity using the fund's resources to improve efficiency of export production is required to achieve profitable export. The executive order anticipates limiting the time interval to a maximum period of three years.
- During implementation of the program, an economic entity can use the fund's resources designated according to a degressive rate of subsidization.

The restructuring program is essentially an agreement with an economic entity that decides to undertake to improve the efficiency of export production and obligates itself to achieve export profitability in the period for which FRE funds have been allocated to it. The executive order defines the information that a program for restructuring ventures should include. They will serve as a general evaluation of the economic and financial condition of the enterprise, making possible allocation of applications for the fund's resources, as well as affect the characteristics of the presumed effects of the restructuring of export production.

In the event of the structural unprofitability of export production in certain areas, such as agriculture, mining or light manufacturing, uniform levels for the current currency rate will be applied parametrically. The use of uniform rates is designed to induce producers to shape the structure of exports so that they bring them the greatest benefit, because uniform rates are more profitable for those producers whose exports are more profitable. Use of FRE funds in this form is limited to exports from which revenues are derived in convertible currencies, and in the case of agricultural and food products, in transfer rubles as well. The rates are not applied to transactions tying exports to imports or to exports carried out under refinement sales.

The executive order designates a list of goods to which the uniform rates apply and the level of those rates for 1989.

Entities carrying out export production under international commitments, e.g., commercial protocols in the first payment level, may use FRE funds in the form of individual rates designated for certain merchandise items in these protocols. These rates will be defined at

the stage of construction of the commitments. Self-financing in zloty is assumed as regards individual commercial protocols.

Simulated accounts of FRE income and expenditures, carried out under the assumption that the exchange rate of the zloty to the transfer ruble and the dollar will assure 80 percent of profitable exports to first and second payments levels, point to the possibility of the fund's being self-financed in 1989. It is apparent from the exchange rate policy formula of the submarginal rate that about 20 percent of exports are unprofitable and require support from fund resources. Given the extent of exchanges defined in the 1989 annual plan, the need for subsidies will involve exports on the order of 2.3 billion rubles and \$1.8 billion.

Meeting provisions for the fund's self-financing depends on implementation in practice of an active exchange rate policy allowing at least no worsening of conditions for export production. This will be possible if changes occur in correlation to price changes. Experience proves that even a small deviation from the 80 percent criterion in exchange rate policy for export production generates a major increase in requests for additional payments. An active exchange rate policy is particularly important now in a situation of setting parameters for using the fund's resources.

Establishment of the Export Development Fund means elimination of equalizing accounting in foreign trade. This accounting was based on equalization of the profitability of transactions through use of additional payments and charges in exports and imports. This diminished the interest of economic entities in obtaining price increases in exports and price decreases in imports. Equalizing accounting consolidated inefficient structures of export production and discouraged rationalization of foreign trade.

In the FRE, collecting charges in exports and using additional payments in imports is abandoned so as not to distort the economic calculation of investments, production and foreign trade. Development of a system of foreign currency self-financing for enterprises and limiting central imports must also mean gradual elimination of import charges in the not too distant future.

Administration of the fund's revenues has been entrusted to the Export Development Bank SA, an entity prepared to analyze and evaluate the activity of economic entities in the realm of foreign trade. This is an important innovation in comparison to the present situation, wherein equalizing accounting has been administered by the Ministry of Foreign Trade Cooperation.

Debureaucratizing procedures for managing the fund's resources and economic dimension is anticipated. Turning over administration of the funds to the Export Development Bank was also necessary because of the scope of the fund's activity, which includes credit activity and transactions in currency and capital markets.

POLAND

Alternative Thinking Leader on Student Groups' Appeal, Goals

26000441 Warsaw WALKA MLODYCH in Polish
No 12, 19 Mar 89 p 9

[Interview with Janusz Zagorski, leader, Movement for Alternative Thinking, by Waldemar Koczewski: "Across the Barricade"; date and place not given]

[Text] [WALKA MLODYCH] Permit me at the outset to ask, in keeping with the conspirational theory of history promoted by some, who is behind you and what end does this serve?

[Zagorski] The same question is being asked by both party activists and by the opposition. Of course, not by all but by those who are used to established patterns and to categorizing all areas of our life. They will not accept that something could have arisen from the rank and file, from the genuine need of young people, from the desire to be independent in their own way. No one is behind us controlling or manipulating. However, we realize that this thinking that we are in somebody's hands weakens us considerably because we constantly encounter distrust on both sides and are outrightly accused that we do not want to express definitely which side we are on.

[WALKA MLODYCH] And which side are you on?

[Zagorski] The ideals of the Left are close to our hearts but understood differently, in a more up-to-date manner without that entire discredited burden of Neostalinism. This, of course, does not mean that we do not see the possibility or the need for cooperation with people and with political forces that are to our Right. We engage in cooperative efforts in concrete matters. Our alternative thinking is based on trying on our own to find answers to the question how to pull our country out of the crisis, rebuild the economy and change political attitudes by other, more effective means than has been the case thus far. This has constituted—at least to this day—an alternative to that which the party and some opposition groups have been presenting. The second dimension of alternative thinking concerns the broadly understood Left. We are against those canons of the leftist movement that the party has shaped for years. We pose completely different questions here.

[WALKA MLODYCH] What kind?

[Zagorski] Whether the political separation into government and society, which finds itself on both sides of the barricade, is genuine. Our answer: this is a primitive and false image of reality similar to the classical separation into the Left, identified with the government and its associated forces such as the union, youth, etc. movements, and the Right, which included the opposition and the center, i.e., those who stand to the side. And, after all, the reality of things is completely different. There are

people both in the party and in the opposition with leftist and rightist views. Therefore, the lines of separation run not only lengthwise but also across the barricade. And these are the ones of greatest interest to us.

[WALKA MLODYCH] Why?

[Zagorski] Because up to now there was no possibility of breaking the existing bipolar system of political life, i.e., the separation into authorities and the opposition identified with the public. Today, what Poland needs is genuine pluralism. And there has also been a period of mutual undoing. The roundtable is the first serious attempt at changing the hitherto existing state of affairs. A distinct labor trend was evident in Solidarity following 13 December 1981. It was not able to develop into an independent political entity but it did let itself be known. A similar trend has existed and continues to exist in the party. This has been an indication that somewhere underneath the crust of very deep political divisions, undoubtedly stronger than the original, class divisions there exists a lack of correspondence. From this we drew conclusions for the philosophy of our activity in the RAM [Alternative Thinking Movement]. We are interested in bringing people of the Left from both sides of the barricade face to face so that they can tell each other what separates them and what things they share in common.

[WALKA MLODYCH] And is this successful?

[Zagorski] Remarkably so! In the fall of last year, we organized a symposium on the future form of the PRL government held in Wroclaw, the seat of RAM activity. We invited party intellectuals as well as various opposition activists to attend. I watched with great satisfaction as they broke the ice of distrust and began to discuss more animatedly not only on the symposium forum but also in lobbies and in the hotel in the evening. Despite many differences in evaluation and views, these people understood each other very well.

[WALKA MLODYCH] A sociological "revelation"?

[Zagorski] No. Already 2 years ago, we made the first successful attempt at communicating with people from the opposition, although they knew that we were operating on the perimeters of the official political system. We were a group that was dissociated from the ZSP—something that the more radical representatives of the opposition, e.g., from the NZS at Wroclaw University cannot forgive us to this day. We then proposed a meeting to the students from the informal group "Dwu-nastka" which at that time was active at the aforementioned university. We experienced a shock and they did, too, because as the discussion progressed, it turned out that we had more in common than we realized, that we think just as critically as they do and that in point of fact, we want the same thing—socialism for the people. The only problem is how to achieve it. I am convinced that there are more such groups in our country that look

askance at each other but have similar goals. After all, if we were to compare the social program of the Gdynia Solidarity group of Andrzej Gwiazda with that which the OPZZ proclaims, we would see that there are practically no differences. On the other hand, differences of a political nature and the mutual image of each other are the worst possible.

[WALKA MLODYCH] This cannot change overnight.

[Zagorski] In this respect, the Right is smarter. It realized a long time ago already that political differences are temporary. Sometimes I wonder who will be the first to figure out that divisions running across a barricade can be overcome. Will it be the Right or the Left? Who will begin creating political blocs and alliances for the implementation of set goals more quickly? Personally, I am anxious for these common interests, despite the political differences, to be noticed by the Left as soon as possible.

[WALKA MLODYCH] But you yourself have had the experience that when several years ago you wanted to register the Academic Socialist Youth Union at Wroclaw University, similar in staff make-up to the current RAM, you were denied permission.

[Zagorski] Because at that time, the party was afraid that this would create a precedent and that other youth groups affiliated with the Catholic Church and other Right wing factions would demand legalization.

[WALKA MLODYCH] The result is that these are a reality now and function legally whereas there is a shortage of youth Leftist groups.

[Zagorski] This is the consequence of an inexcusable mistake made by the authorities at that time. What kind of party would separate itself from its own ideological youth base? Today, wailing may be heard in the PZPR that there is only 1 percent of young people up to the age of 24 in its ranks. Within this context, I am voicing an undoubtedly, controversial argument that the mistakes committed by the party with regard to the young generation and without its participation are irreversible now. And this genuine, vibrant Left which is still in the party or by the party must face facts and admit to itself that if we are to continue serving the widely understood values of the Left, we must begin building our own political and perhaps even organizational autonomy. In the meantime, an attitude has formed in the party: "Let various groups form, we shall concern ourselves with strengthening the Leftist, labor trend in our ranks." In my opinion, this will be extremely difficult. The PZPR has dominated the apparatus built by people who, above all, have their own interest at heart and not the interest of the public in general. The inclination to promote 19th century concepts of capitalism, the return to private ownership, etc. is strong among them. It is difficult to believe that the lot of workers would interest them. The point of the matter is that the greatest moral price will be

paid by those who lose the battle for this Leftist trend by defending valid positions to the end.

[WALKA MLODYCH] Could the RAM be an alternative here?

[Zagorski] We are not hiding the fact and it probably could be written in the press today that we are thinking about changing the future of our movement into a political party of a sociodemocratic nature or of joining those forces that want to form such a party.

[WALKA MLODYCH] And for the time being?

[Zagorski] For the time being, the RAM is a form of lesson in public life for the young intelligentsia from academic communities. In this way, we would like to draw intelligent, enterprising people for political work. We are observing a problem whereby due to the lack of knowledge about processes occurring in politics, people do not understand each other, are incapable of communicating with each other and do not perceive their interests properly. This leads to conflict on a low, primitive level and lowers the effectiveness of social processes. This is how it is, for example, in the Third World where frequently the basic form of argument is a rifle. In our country, on the other hand, the Neostalinist model of imparting knowledge from the field of social science, alienated people from it. When afterwards they enter politics with lame ideas about society, others who are better prepared must come down to their level in order to carry on the game of politics and refer to the simplest concepts and symbolism. The goals which are achieved in such a game will be low. Therefore, we would like to conduct politics that is reinforced with our own considerations but based on scholarly foundations. Unfortunately, in this huge emotional cauldron which we now have in our country, such an intellectual proposal is not very popular among young people. It does not inspire trust because it is not tied directly to political events. Our chances and power with regard to this issue will grow in proportion to the increase in political ethics when the rules of the game become increasingly better understood. That is when the ability to negotiate common interests, the building of alliances will turn out to be the most important quality.

[WALKA MLODYCH] Perhaps your program should not be directed at youth?

[Zagorski] Quite the contrary. Poland's future will be decided in the next several years. What will it be like? That is up to us—today's 30-year-olds. Soon, it will be up to us to take over the controls. We are looking ahead to different rules of the game which are slowly taking shape in the awareness of the young generation. The group that constitutes the RAM is the cadre. A more important question is: How many people is it capable of mobilizing to act on a given matter? Enough for a rally, a symposium, a meeting, etc. The RAM is an informal organization and illegal from a legal standpoint. However, this

does not interfere in making important and interesting contacts with people and official organizations as well as with the opposition. And herein lies our strength. We have four young scholars among us who are involved in the social sciences. For a start, this is not such a bad intellectual base. I believe that a sensible approach to

very clear-cut substantial interests, something which should occur in the future, will give us the chance to win public support and to participate normally in public life.

[WALKA MLODYCH] Thank you for the interview.

22161

68

NTIS

ATTN: PROCESS 103

5285 PORT ROYAL RD

SPRINGFIELD, VA

22161

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, economic, military, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available source; it should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed, with personal and place names rendered in accordance with FBIS transliteration style.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Soviet Union, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.